

5:12-101

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2004 **CHAPTER:** 128

NJSA: 5:12-101 (Transfers administration of certain casino taxes to Casino Control Commission)

BILL NO: A3120 (Substituted for S1661)

SPONSOR(S): Van Drew and others

DATE INTRODUCED: June 21, 2004

COMMITTEE: **ASSEMBLY:** Budget
SENATE:

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 24, 2004

SENATE: June 24, 2004

DATE OF APPROVAL: August 25, 2004

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) 1st reprint enacted

A3120

[SPONSOR'S STATEMENT:](#) (Begins on page 18 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

S1661

[SPONSOR'S STATEMENT:](#) (Begins on page 18 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

[GOVERNOR'S PRESS RELEASE ON SIGNING:](#) [Yes](#)

FOLLOWING WERE PRINTED:

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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

Yes

"Getting back to business," 8-26-2004 The Record, p.A1

"McGreevey signs bill, then makes quick exit," 8-26-2004 Star Ledger, p.1

"McGreevey signs bill, answers no questions," 8-26-2004 The Times, p.B1

"McGreevey signs bill, but shuns scandal," 8-26-2004 New York Times p.B4

"McGreevey back in public to sign casino bills," 8-26-2004 Home News Tribune, p.A1

P.L. 2004, CHAPTER 128, *approved August 25, 2004*
Assembly, No. 3120 (*First Reprint*)

1 **AN ACT** concerning the regulation and taxation of the casino industry,
2 amending ¹[P.L.1995, c.18 and] P.L.1993, c.159,¹ P.L.2003, c.116
3 and ¹[amending and supplementing]¹ P.L.1977, c.110 ¹[(C.5:12-1
4 et seq.)]¹.

5

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

8

9 ¹[1. (New section) "Annuity jackpot" - A slot machine jackpot
10 offered by a casino licensee or multi-casino progressive slot machine
11 system pursuant to which a patron wins the right to receive fixed cash
12 payments at specified intervals in the future.]¹

13

14 ¹[2. Section 3 of P.L.1995, c.18 (C.5:12-2.2) is amended to read
15 as follows:

16 3. "Annuity jackpot [**trust**] guarantee"-- A [**trust that is formed by**
17 one or more casino licensees,] financial arrangement established in
18 accordance with the rules [established by] of the commission[,] to
19 assure that all payments that are due to the winner of [**a slot machine**]
20 an annuity jackpot [that is to be paid in installments at specified
21 intervals in the future] are actually paid when due regardless of the
22 future financial stability of the slot system operator that is responsible
23 for making such payments.

24 (cf: P.L. 1995, c.18, s.3)]¹

25

26 ¹[3. (New section) "Multi-casino progressive slot machine
27 system"

28 "Multi-casino progressive slot machine system"- A slot machine
29 gaming system approved by the commission pursuant to which a
30 common progressive slot machine jackpot is offered on slot machines
31 that are interconnected in more than one casino hotel facility.]¹

32

33 ¹[4. (New section) "Slot system agreement"

34 "Slot system agreement" - A written agreement governing the
35 operation and administration of a multi-casino progressive slot
36 machine system that is approved by the commission and executed by
37 the participating casino licensees and any slot system operator.]¹

38

39 ¹[5. (New section) "Slot system operator"

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ABU committee amendments adopted June 21, 2004.

1 "Slot system operator" - Any person designated in a slot system
2 agreement as being responsible for the operation and administration of
3 a multi-casino progressive slot machine system, including a casino
4 licensee, a group of casino licensees acting jointly or a casino service
5 industry licensed pursuant to subsection a. of section 92 of P.L.1977,
6 c.110 (C.5:12-92), or an eligible applicant for such license.]¹

7
8 ¹[6. Section 82 of P.L.1977, c.110 (C.5:12-82) is amended to read
9 as follows:

10 82. a. No casino shall operate unless all necessary licenses and
11 approvals therefor have been obtained in accordance with law.

12 b. Only the following persons shall be eligible to hold a casino
13 license; and, unless otherwise determined by the commission with the
14 concurrence of the Attorney General which may not be unreasonably
15 withheld in accordance with subsection c. of this section, each of the
16 following persons shall be required to hold a casino license prior to the
17 operation of a casino in the casino hotel with respect to which the
18 casino license has been applied for:

19 (1) Any person who either owns an approved casino hotel or owns
20 or has a contract to purchase or construct a casino hotel which in the
21 judgment of the commission can become an approved casino hotel
22 within 30 months or within such additional time period as the
23 commission may, upon a showing of good cause therefor, establish;

24 (2) Any person who, whether as lessor or lessee, either leases an
25 approved casino hotel or leases or has an agreement to lease a casino
26 hotel which in the judgment of the commission can become an
27 approved casino hotel within 30 months or within such additional time
28 period as the commission may, upon a showing of good cause
29 therefor, establish;

30 (3) Any person who has a written agreement with a casino licensee
31 or with an eligible applicant for a casino license for the complete
32 management of a casino and, if applicable, any authorized games in a
33 casino simulcasting facility; and

34 (4) Any other person who has control over either an approved
35 casino hotel or the land thereunder or the operation of a casino.

36 c. Prior to the operation of a casino and, if applicable, a casino
37 simulcasting facility, every agreement to lease an approved casino
38 hotel or the land thereunder and every agreement for the management
39 of the casino and, if applicable, any authorized games in a casino
40 simulcasting facility, shall be in writing and filed with the commission.
41 No such agreement shall be effective unless expressly approved by the
42 commission. The commission may require that any such agreement
43 include within its terms any provision reasonably necessary to best
44 accomplish the policies of this act. Consistent with the policies of this
45 act:

46 (1) The commission, with the concurrence of the Attorney General

1 which may not be unreasonably withheld, may determine that any
2 person who does not have the ability to exercise any significant control
3 over either the approved casino hotel or the operation of the casino
4 contained therein shall not be eligible to hold or required to hold a
5 casino license;

6 (2) The commission, with the concurrence of the Attorney General
7 which may not be unreasonably withheld, may determine that any
8 owner, lessor or lessee of an approved casino hotel or the land
9 thereunder who does not own or lease the entire approved casino hotel
10 shall not be eligible to hold or required to hold a casino license;

11 (3) The commission shall require that any person or persons
12 eligible to apply for a casino license organize itself or themselves into
13 such form or forms of business association as the commission shall
14 deem necessary or desirable in the circumstances to carry out the
15 policies of this act;

16 (4) The commission may issue separate casino licenses to any
17 persons eligible to apply therefor;

18 (5) As to agreements to lease an approved casino hotel or the land
19 thereunder, unless it expressly and by formal vote for good cause
20 determines otherwise, the commission shall require that each party
21 thereto hold either a casino license or casino service industry license
22 and that such an agreement be for a durational term exceeding 30
23 years, concern 100% of the entire approved casino hotel or of the land
24 upon which same is located, and include within its terms a buy-out
25 provision conferring upon the casino licensee-lessee who controls the
26 operation of the approved casino hotel the absolute right to purchase
27 for an expressly set forth fixed sum the entire interest of the lessor or
28 any person associated with the lessor in the approved casino hotel or
29 the land thereunder in the event that said lessor or said person
30 associated with the lessor is found by the commission to be unsuitable
31 to be associated with a casino enterprise;

32 (6) The commission shall not permit an agreement for the leasing
33 of an approved casino hotel or the land thereunder to provide for the
34 payment of an interest, percentage or share of money gambled at the
35 casino or derived from casino gaming activity or of revenues or profits
36 of the casino unless the party receiving payment of such interest,
37 percentage or share is a party to the approved lease agreement; unless
38 each party to the lease agreement holds either a casino license or
39 casino service industry license and unless the agreement is for a
40 durational term exceeding 30 years, concerns a significant portion of
41 the entire approved casino hotel or of the land upon which same is
42 located, and includes within its terms a buy-out provision conforming
43 to that described in paragraph (5) above;

44 (7) As to agreements for the management of a casino and, if
45 applicable, the authorized games in a casino simulcasting facility, the
46 commission shall require that each party thereto hold a casino license,

1 that the party thereto who is to manage the casino gaming operations
2 own at least 10% of all outstanding equity securities of any casino
3 licensee or of any eligible applicant for a casino license if the said
4 licensee or applicant is a corporation and the ownership of an
5 equivalent interest in any casino licensee or in any eligible applicant for
6 a casino license if same is not a corporation, and that such an
7 agreement be for the complete management of all casino space in the
8 casino hotel and, if applicable, all authorized games in a casino
9 simulcasting facility, provide for the sole and unrestricted power to
10 direct the casino gaming operations of the casino hotel which is the
11 subject of the agreement, and be for such a durational term as to
12 assure reasonable continuity, stability and independence in the
13 management of the casino gaming operations, provided that the
14 provisions of this paragraph shall not apply to [agreements relating to
15 the operation of a multi-casino progressive slot machine system] a slot
16 system agreement between a group of casino licensees and a casino
17 service industry licensed pursuant to subsection a. of section 92 of
18 P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license,
19 and that, with regard to such agreements, the casino service industry
20 licensee or applicant may operate and administer the multi-casino
21 progressive slot machine system, including, but not limited to, the
22 operation of a monitor room [and] or the payment of [the]
23 progressive jackpots [from a fund of contributions from participating
24 casino licensees, provided that the consideration charged to the casino
25 licensees for the operation and administration of the monitor room
26 shall not exceed the actual direct costs of operating and administering
27 the monitor room], including annuity jackpots, and further provided
28 that the obligation to pay a progressive jackpot or establish an annuity
29 jackpot guarantee shall be the sole responsibility of the casino licensee
30 or casino service industry licensee or applicant designated in the slot
31 system agreement and that no other party shall be jointly or severally
32 liable for the payment or funding of such jackpots or guarantees unless
33 such liability is specifically established in the slot system agreement;

34 (8) The commission may permit an agreement for the management
35 of a casino and, if applicable, the authorized games in a casino
36 simulcasting facility to provide for the payment to the managing party
37 of an interest, percentage or share of money gambled at all authorized
38 games or derived from casino gaming activity or of revenues or profits
39 of casino gaming operations;

40 (9) Notwithstanding any other provision of P.L.1977, c.110
41 (C.5:12-1 et seq.) to the contrary, the commission may permit an
42 agreement between a casino licensee and a casino service industry
43 licensed pursuant to the provisions of subsection a. of section 92 of
44 P.L.1977, c.110 (C.5:12-92) for the conduct of casino simulcasting in
45 a simulcasting facility or for the operation of a multi-casino
46 progressive slot machine system, to provide for the payment to the

1 casino service industry of an interest, percentage or share of the
2 money derived from the casino licensee's share of proceeds from
3 simulcast wagering activity or the operation of a multi-casino
4 progressive slot machine system; and

5 (10) As to agreements to lease an approved casino hotel or the
6 land thereunder, agreements to jointly own an approved casino hotel
7 or the land thereunder and agreements for the management of casino
8 gaming operations or for the conduct of casino simulcasting in a
9 simulcasting facility, the commission shall require that each party
10 thereto, except for a banking or other chartered or licensed lending
11 institution or any subsidiary thereof, or any chartered or licensed life
12 insurance company or property and casualty insurance company, or the
13 State of New Jersey or any political subdivision thereof or any agency
14 or instrumentality of the State or any political subdivision thereof,
15 shall be jointly and severally liable for all acts, omissions and violations
16 of this act by any party thereto regardless of actual knowledge of such
17 act, omission or violation and notwithstanding any provision in such
18 agreement to the contrary. Notwithstanding the foregoing, nothing in
19 this paragraph shall require a casino licensee to be jointly and severally
20 liable for any acts, omissions or violations of this act, P.L.1977, c.110
21 (C.5:12-1 et seq.), committed by any casino service industry licensee
22 or applicant performing as a slot system operator pursuant to a slot
23 system agreement.

24 d. No corporation shall be eligible to apply for a casino license
25 unless:

26 (1) The corporation shall be incorporated in the State of New
27 Jersey, although such corporation may be a wholly or partially owned
28 subsidiary of a corporation which is organized pursuant to the laws of
29 another state of the United States or of a foreign country;

30 (2) The corporation shall maintain an office of the corporation in
31 the casino hotel licensed or to be licensed;

32 (3) The corporation shall comply with all the requirements of the
33 laws of the State of New Jersey pertaining to corporations;

34 (4) The corporation shall maintain a ledger in the principal office
35 of the corporation in New Jersey which shall at all times reflect the
36 current ownership of every class of security issued by the corporation
37 and shall be available for inspection by the commission or the division
38 and authorized agents of the commission and the division at all
39 reasonable times without notice;

40 (5) The corporation shall maintain all operating accounts required
41 by the commission in a bank in New Jersey, except that a casino
42 licensee may establish deposit-only accounts in any jurisdiction in
43 order to obtain payment of any check described in section 101 of
44 P.L.1977, c.110 (C.5:12-101);

45 (6) The corporation shall include among the purposes stated in its
46 certificate of incorporation the conduct of casino gaming and provide

1 that the certificate of incorporation includes all provisions required by
2 this act;

3 (7) The corporation, if it is not a publicly traded corporation, shall
4 file with the commission such adopted corporate charter provisions as
5 may be necessary to establish the right of prior approval by the
6 commission with regard to transfers of securities, shares, and other
7 interests in the applicant corporation; and, if it is a publicly traded
8 corporation, provide in its corporate charter that any securities of such
9 corporation are held subject to the condition that if a holder thereof is
10 found to be disqualified by the commission pursuant to the provisions
11 of this act, such holder shall dispose of his interest in the corporation;
12 provided, however, that, notwithstanding the provisions of
13 N.J.S.14A:7-12 and N.J.S.12A:8-101 et seq., nothing herein shall be
14 deemed to require that any security of such corporation bear any
15 legend to this effect;

16 (8) The corporation, if it is not a publicly traded corporation, shall
17 establish to the satisfaction of the commission that appropriate charter
18 provisions create the absolute right of such non-publicly traded
19 corporations and companies to repurchase at the market price or the
20 purchase price, whichever is the lesser, any security, share or other
21 interest in the corporation in the event that the commission
22 disapproves a transfer in accordance with the provisions of this act;

23 (9) Any publicly traded holding, intermediary, or subsidiary
24 company of the corporation, whether the corporation is publicly traded
25 or not, shall contain in its corporate charter the same provisions
26 required under paragraph (7) for a publicly traded corporation to be
27 eligible to apply for a casino license; and

28 (10) Any non-publicly traded holding, intermediary or subsidiary
29 company of the corporation, whether the corporation is publicly traded
30 or not, shall establish to the satisfaction of the commission that its
31 charter provisions are the same as those required under paragraphs (7)
32 and (8) for a non-publicly traded corporation to be eligible to apply for
33 a casino license.

34 Notwithstanding the foregoing, any corporation or company which
35 had bylaw provisions approved by the commission prior to the
36 effective date of this 1987 amendatory act shall have one year from the
37 effective date of this 1987 amendatory act to adopt appropriate charter
38 provisions in accordance with the requirements of this subsection.

39 The provisions of this subsection shall apply with the same force
40 and effect with regard to casino license applicants and casino licensees
41 which have a legal existence that is other than corporate to the extent
42 which is appropriate.

43 e. No person shall be issued or be the holder of a casino license if
44 the issuance or the holding results in undue economic concentration in
45 Atlantic City casino operations by that person. The commission shall,
46 after conducting public hearings thereon, promulgate rules and
47 regulations in accordance with the "Administrative Procedure Act,"

1 P.L.1968, c.410 (C.52:14B-1 et seq.) defining the criteria the
2 commission will use in determining what constitutes undue economic
3 concentration. For the purpose of this subsection a person shall be
4 considered the holder of a casino license if such license is issued to
5 such person or if such license is held by any holding, intermediary or
6 subsidiary company thereof, or by any officer, director, casino key
7 employee or principal employee of such person, or of any holding,
8 intermediary or subsidiary company thereof.
9 (cf: P.L.2003, c.116, s.1)]¹

10
11 ¹[7. Section 100 of P.L.1977, c.110 (C.5:12-100) is amended to
12 read as follows:

13 100. a. This act shall not be construed to permit any gaming
14 except the conduct of authorized games in a casino room in
15 accordance with this act and the regulations promulgated hereunder
16 and in a simulcasting facility to the extent provided by the "Casino
17 Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.).
18 Notwithstanding the foregoing, if the commission approves the game
19 of keno as an authorized game pursuant to section 5 of P.L.1977,
20 c.110 (C.5:12-5), as amended, keno tickets may be sold or redeemed
21 in accordance with commission regulations at any location in a casino
22 hotel approved by the commission for such activity.

23 b. Gaming equipment shall not be possessed, maintained or
24 exhibited by any person on the premises of a casino hotel except in a
25 casino room, in the simulcasting facility, or in restricted casino areas
26 used for the inspection, repair or storage of such equipment and
27 specifically designated for that purpose by the casino licensee with the
28 approval of the commission. Gaming equipment which supports the
29 conduct of gaming in a casino or simulcasting facility but does not
30 permit or require patron access, such as computers, may be possessed
31 and maintained by a casino licensee in restricted casino areas
32 specifically designated for that purpose by the casino licensee with the
33 approval of the commission. No gaming equipment shall be possessed,
34 maintained, exhibited, brought into or removed from a casino room or
35 simulcasting facility by any person unless such equipment is necessary
36 to the conduct of an authorized game, has permanently affixed,
37 imprinted, impressed or engraved thereon an identification number or
38 symbol authorized by the commission, is under the exclusive control
39 of a casino licensee or his employees, and is brought into or removed
40 from the casino room or simulcasting facility following 24-hour prior
41 notice given to an authorized agent of the commission.

42 Notwithstanding any other provision of this section, equipment
43 which supports a multi-casino progressive slot system and links and
44 interconnects slot machines of two or more casino licensees but is
45 inaccessible to patrons, such as computers, may, with the approval of
46 the commission, be possessed, maintained and operated by a casino
47 licensee either in a restricted area on the premises of a casino hotel or

1 in a secure facility specifically designed for that purpose off the
2 premises of a casino hotel but within the city limits of the City of
3 Atlantic City.

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

9 c. Each casino hotel shall contain a count room and such other
10 secure facilities as may be required by the commission for the counting
11 and storage of cash, coins, tokens and checks received in the conduct
12 of gaming and for the inspection, counting and storage of dice, cards,
13 chips and other representatives of value. All drop boxes and other
14 devices wherein cash, coins, or tokens are deposited at the gaming
15 tables or in slot machines, and all areas wherein such boxes and
16 devices are kept while in use, shall be equipped with two locking
17 devices, one key to which shall be under the exclusive control of the
18 commission and the other under the exclusive control of the casino
19 licensee, and said drop boxes and other devices shall not be brought
20 into or removed from a casino room or simulcasting facility, or locked
21 or unlocked, except at such times, in such places, and according to
22 such procedures as the commission may require.

23 d. All chips used in gaming shall be of such size and uniform color
24 by denomination as the commission shall require by regulation.

25 e. All gaming shall be conducted according to rules promulgated
26 by the commission. All wagers and pay-offs of winning wagers shall
27 be made according to rules promulgated by the commission, which
28 shall establish such limitations as may be necessary to assure the
29 vitality of casino operations and fair odds to patrons. Each slot
30 machine shall have a minimum payout of 83%.

31 f. Each casino licensee shall make available in printed form to any
32 patron upon request the complete text of the rules of the commission
33 regarding games and the conduct of gaming, pay-offs of winning
34 wagers, an approximation of the odds of winning for each wager, and
35 such other advice to the player as the commission shall require. Each
36 casino licensee shall prominently post within a casino room and
37 simulcasting facility, as appropriate, according to regulations of the
38 commission such information about gaming rules, pay-offs of winning
39 wagers, the odds of winning for each wager, and such other advice to
40 the player as the commission shall require.

41 g. Each gaming table shall be equipped with a sign indicating the
42 permissible minimum and maximum wagers pertaining thereto. It shall
43 be unlawful for a casino licensee to require any wager to be greater
44 than the stated minimum or less than the stated maximum; provided,
45 however, that any wager actually made by a patron and not rejected by
46 a casino licensee prior to the commencement of play shall be treated
47 as a valid wager.

1 h. (1) No slot machine shall be used to conduct gaming unless it
2 is identical in all electrical, mechanical and other aspects to a model
3 thereof which has been specifically tested by the division and licensed
4 for use by the commission. The division may, in its discretion, and for
5 the purpose of expediting the approval process, refer testing to any
6 testing laboratory with a plenary license as a casino service industry
7 pursuant to subsection a. of section 92 of P.L.1977, c.110
8 (C.5:12-92). The division shall give priority to the testing of slot
9 machines which a casino licensee has certified it will use in its casino
10 in this State. The commission shall, by regulation, establish such
11 technical standards for licensure of slot machines, including mechanical
12 and electrical reliability, security against tampering, the
13 comprehensibility of wagering, and noise and light levels, as it may
14 deem necessary to protect the player from fraud or deception and to
15 insure the integrity of gaming. The denominations of such machines
16 shall be set by the licensee; the licensee shall simultaneously notify the
17 commission of the settings.

18 (2) The commission shall, by regulation, determine the permissible
19 number and density of slot machines in a licensed casino so as to:

20 (a) promote optimum security for casino operations;

21 (b) avoid deception or frequent distraction to players at gaming
22 tables;

23 (c) promote the comfort of patrons;

24 (d) create and maintain a gracious playing environment in the
25 casino; and

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

28 Any such regulation promulgated by the commission which
29 determines the permissible number and density of slot machines in a
30 licensed casino shall provide that all casino floor space and all space
31 within a casino licensee's casino simulcasting facility shall be included
32 in any calculation of the permissible number and density of slot
33 machines in a licensed casino.

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

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

36 k. It shall be unlawful for any person to exchange or redeem chips
37 for anything whatsoever, except for currency, negotiable personal
38 checks, negotiable counter checks, other chips, coupons or
39 complimentary vouchers distributed by the casino licensee, or, if
40 authorized by regulation of the commission, a valid charge to a credit
41 or debit card account. A casino licensee shall, upon the request of any
42 person, redeem that licensee's gaming chips surrendered by that person
43 in any amount over \$100 with a check drawn upon the licensee's
44 account at any banking institution in this State and made payable to
45 that person.

46 l. It shall be unlawful for any casino licensee or its agents or
47 employees to employ, contract with, or use any shill or barker to

1 induce any person to enter a casino or simulcasting facility or play at
2 any game or for any purpose whatsoever.

3 m. It shall be unlawful for a dealer in any authorized game in which
4 cards are dealt to deal cards by hand or other than from a device
5 specifically designed for that purpose, unless otherwise permitted by
6 the rules of the commission.

7 n. It shall be unlawful for any casino key employee or any person
8 who is required to hold a casino key employee license as a condition
9 of employment or qualification to wager in any casino or simulcasting
10 facility in this State, or any casino employee, other than a junket
11 representative, bartender, waiter, waitress, or other casino employee
12 who, in the judgment of the commission, is not directly involved with
13 the conduct of gaming operations, to wager in a casino or simulcasting
14 facility in the casino hotel in which the employee is employed or in any
15 other casino or simulcasting facility in this State which is owned or
16 operated by the same casino licensee. Any casino employee, other
17 than a junket representative, bartender, waiter, waitress, or other
18 casino employee who, in the judgment of the commission, is not
19 directly involved with the conduct of gaming operations, must wait at
20 least 30 days following the date that the employee either leaves
21 employment with a casino licensee or is terminated from employment
22 with a casino licensee before the employee may gamble in a casino or
23 simulcasting facility in the casino hotel in which the employee was
24 formerly employed or in any other casino or simulcasting facility in this
25 State which is owned or operated by the same casino licensee.

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

31 (2) A dealer may accept tips or gratuities from a patron at the table
32 at which such dealer is conducting play, subject to the provisions of
33 this subsection. All such tips or gratuities shall be immediately
34 deposited in a lockbox reserved for that purpose, accounted for, and
35 placed in a pool for distribution pro rata among the dealers, with the
36 distribution based upon the number of hours each dealer has worked,
37 except that the commission may permit a separate pool to be
38 established for dealers in the game of poker, or may permit tips or
39 gratuities to be retained by individual dealers in the game of poker.

40 p. Any slot system operator that offers an annuity jackpot shall
41 secure the payment of such jackpot by establishing an annuity jackpot
42 guarantee in accordance with the requirements of this act, P.L.1977,
43 c.110 (C.5:12-1 et seq.), and the rules of the commission.

44 (cf: P.L.2002, c.65, s.22)]¹

45

46 ¹[8.] 1 Section 101 of P.L.1977, c.110 (C.5:12-101) is amended
47 to read as follows:

1 ¹101.1 a. Except as otherwise provided in this section, no casino
2 licensee or any person licensed under this act, and no person acting on
3 behalf of or under any arrangement with a casino licensee or other
4 person licensed under this act, shall:

5 (1) Cash any check, make any loan, or otherwise provide or allow
6 to any person any credit or advance of anything of value or which
7 represents value to enable any person to take part in gaming or
8 simulcast wagering activity as a player; or

9 (2) Release or discharge any debt, either in whole or in part, or
10 make any loan which represents any losses incurred by any player in
11 gaming or simulcast wagering activity, without maintaining a written
12 record thereof in accordance with the rules of the commission.

13 b. No casino licensee or any person licensed under this act, and no
14 person acting on behalf of or under any arrangement with a casino
15 licensee or other person licensed under this act, may accept a check,
16 other than a recognized traveler's check or other cash equivalent from
17 any person to enable such person to take part in gaming or simulcast
18 wagering activity as a player, or may give cash or cash equivalents in
19 exchange for such check unless:

20 (1) The check is made payable to the casino licensee;

21 (2) The check is dated, but not postdated;

22 (3) The check is presented to the cashier or the cashier's
23 representative at a location in the casino approved by the commission
24 and is exchanged for cash or slot tokens which total an amount equal
25 to the amount for which the check is drawn, or the check is presented
26 to the cashier's representative at a gaming table in exchange for chips
27 which total an amount equal to the amount for which the check is
28 drawn; and

29 (4) The regulations concerning check cashing procedures are
30 observed by the casino licensee and its employees and agents.

31 Nothing in this subsection shall be deemed to preclude the
32 establishment of an account by any person with a casino licensee by a
33 deposit of cash, recognized traveler's check or other cash equivalent,
34 or a check which meets the requirements of subsection g. of this
35 section, or to preclude the withdrawal, either in whole or in part, of
36 any amount contained in such account.

37 c. When a casino licensee or other person licensed under this act,
38 or any person acting on behalf of or under any arrangement with a
39 casino licensee or other person licensed under this act, cashes a check
40 in conformity with the requirements of subsection b. of this section,
41 the casino licensee shall cause the deposit of such check in a bank for
42 collection or payment, or shall require an attorney or casino key
43 employee with no incompatible functions to present such check to the
44 drawer's bank for payment, within (1) seven calendar days of the date
45 of the transaction for a check in an amount of \$1,000.00 or less; (2)
46 14 calendar days of the date of the transaction for a check in an
47 amount greater than \$1,000.00 but less than or equal to \$5,000.00; or

1 (3) 45 calendar days of the date of the transaction for a check in an
2 amount greater than \$5,000.00. Notwithstanding the foregoing, the
3 drawer of the check may redeem the check by exchanging cash, cash
4 equivalents, chips, or a check which meets the requirements of
5 subsection g. of this section in an amount equal to the amount for
6 which the check is drawn; or he may redeem the check in part by
7 exchanging cash, cash equivalents, chips, or a check which meets the
8 requirements of subsection g. of this section and another check which
9 meets the requirements of subsection b. of this section for the
10 difference between the original check and the cash, cash equivalents,
11 chips, or check tendered; or he may issue one check which meets the
12 requirements of subsection b. of this section in an amount sufficient to
13 redeem two or more checks drawn to the order of the casino licensee.
14 If there has been a partial redemption or a consolidation in conformity
15 with the provisions of this subsection, the newly issued check shall be
16 delivered to a bank for collection or payment or presented to the
17 drawer's bank for payment by an attorney or casino key employee with
18 no incompatible functions within the period herein specified. No casino
19 licensee or any person licensed under this act, and no person acting on
20 behalf of or under any arrangement with a casino licensee or other
21 person licensed under this act, shall accept any check or series of
22 checks in redemption or consolidation of another check or checks in
23 accordance with this subsection for the purpose of avoiding or
24 delaying the deposit of a check in a bank for collection or payment or
25 the presentment of the check to the drawer's bank within the time
26 period prescribed by this subsection.

27 In computing a time period prescribed by this subsection, the last
28 day of the period shall be included unless it is a Saturday, Sunday, or
29 a State or federal holiday, in which event the time period shall run until
30 the next business day.

31 d. No casino licensee or any other person licensed under this act,
32 or any other person acting on behalf of or under any arrangement with
33 a casino licensee or other person licensed under this act, shall transfer,
34 convey, or give, with or without consideration, a check cashed in
35 conformity with the requirements of this section to any person other
36 than:

37 (1) The drawer of the check upon redemption or consolidation in
38 accordance with subsection c. of this section;

39 (2) A bank for collection or payment of the check;

40 (3) A purchaser of the casino license as approved by the
41 commission; or

42 (4) An attorney or casino key employee with no incompatible
43 functions for presentment to the drawer's bank.

44 The limitation on transferability of checks imposed herein shall
45 apply to checks returned by any bank to the casino licensee without
46 full and final payment.

47 e. No person other than one licensed as a casino key employee or

1 as a casino employee may engage in efforts to collect upon checks that
2 have been returned by banks without full and final payment, except
3 that an attorney-at-law representing a casino licensee may bring action
4 for such collection.

5 f. Notwithstanding the provisions of any law to the contrary,
6 checks cashed in conformity with the requirements of this act shall be
7 valid instruments, enforceable at law in the courts of this State. Any
8 check cashed, transferred, conveyed or given in violation of this act
9 shall be invalid and unenforceable for the purposes of collection but
10 shall be included in the calculation of gross revenue pursuant to
11 section 24 of P.L.1977, c.110 (C.5:12-24).

12 g. Notwithstanding the provisions of subsection b. of this section
13 to the contrary, a casino licensee may accept a check from a person to
14 enable the person to take part in gaming or simulcast wagering activity
15 as a player, may give cash or cash equivalents in exchange for such a
16 check, or may accept a check in redemption or partial redemption of
17 a check issued in accordance with subsection b., provided that:

18 (1) (a) The check is drawn by a casino licensee pursuant to the
19 provisions of subsection k. of section 100 of P.L.1977, c.110
20 (C.5:12-100) or upon a withdrawal of funds from an account
21 established in accordance with the provisions of subsection b. of this
22 section or is drawn by a casino licensee as payment for winnings from
23 an authorized game or simulcast wagers;

24 (b) The check is issued by a banking institution which is chartered
25 in a country other than the United States on its account at a federally
26 chartered or state-chartered bank and is made payable to "cash,"
27 "bearer," a casino licensee, or the person presenting the check;

28 (c) The check is issued by a banking institution which is chartered
29 in the United States on its account at another federally chartered or
30 state-chartered bank and is made payable to "cash," "bearer," a casino
31 licensee, or the person presenting the check;

32 (d) The check is issued by [an annuity jackpot trust] ¹[a slot
33 system operator or pursuant to an annuity jackpot guarantee] an
34 annuity jackpot trust¹ as payment for winnings from [an annuity] ¹[a
35 multi-casino progressive slot machine system] an annuity¹ jackpot; or

36 (e) The check is issued by an affiliate of a casino licensee that holds
37 a gaming license in any jurisdiction;

38 (2) The check is identifiable in a manner approved by the
39 commission as a check issued for a purpose listed in paragraph (1) of
40 this subsection;

41 (3) The check is dated, but not postdated;

42 (4) The check is presented to the cashier or the cashier's
43 representative by the original payee and its validity is verified by the
44 drawer in the case of a check drawn pursuant to subparagraph (a) of
45 paragraph (1) of this subsection, or the check is verified in accordance
46 with regulations promulgated by the commission in the case of a check
47 issued pursuant to subparagraph (b), (c), (d) or (e) of paragraph (1) of

1 this subsection; and

2 (5) The regulations concerning check cashing procedures are
3 observed by the casino licensee and its employees and agents.

4 No casino licensee shall issue a check for the purpose of making a
5 loan or otherwise providing or allowing any advance or credit to a
6 person to enable the person to take part in gaming or simulcast
7 wagering activity as a player.

8 h. Notwithstanding the provisions of subsection b. and subsection
9 c. of this section to the contrary, a casino licensee may, at a location
10 outside the casino, accept a personal check or checks from a person
11 for up to \$5,000 in exchange for cash or cash equivalents, and may, at
12 such locations within the casino or casino simulcasting facility as may
13 be permitted by the commission, accept a personal check or checks for
14 up to \$5,000 in exchange for cash, cash equivalents, tokens, chips, or
15 plaques to enable the person to take part in gaming or simulcast
16 wagering activity as a player, provided that:

17 (a) The check is drawn on the patron's bank or brokerage cash
18 management account;

19 (b) The check is for a specific amount;

20 (c) The check is made payable to the casino licensee;

21 (d) The check is dated but not post-dated;

22 (e) The patron's identity is established by examination of one of the
23 following: valid credit card, driver's license, passport, or other form
24 of identification credential which contains, at a minimum, the patron's
25 signature;

26 (f) The check is restrictively endorsed "For Deposit Only" to the
27 casino licensee's bank account and deposited on the next banking day
28 following the date of the transaction;

29 (g) The total amount of personal checks accepted by any one
30 licensee pursuant to this subsection that are outstanding at any time,
31 including the current check being submitted, does not exceed \$5,000;

32 (h) The casino licensee has an approved system of internal controls
33 in place that will enable it to determine the amount of outstanding
34 personal checks received from any patron pursuant to this subsection
35 at any given point in time; and

36 (i) The casino licensee maintains a record of each such transaction
37 in accordance with regulations established by the commission.

38 i. ¹[Checks cashed pursuant to the provisions of subsection h. of
39 this section which are subsequently uncollectible may not be deducted
40 from the total of all sums received in calculating gross revenue
41 pursuant to section 24 of P.L.1977, c.110 (C.5:12-24).] (Deleted by
42 amendment, P.L. , c.)(now pending before the Legislature as
43 this bill).¹

44 j. A person may request the commission to put that person's name
45 on a list of persons to whom the extension of credit by a casino as
46 provided in this section would be prohibited by submitting to the
47 commission the person's name, address, and date of birth. The person

1 does not need to provide a reason for this request. The commission
2 shall provide this list to the credit department of each casino; neither
3 the commission nor the credit department of a casino shall divulge the
4 names on this list to any person or entity other than those provided for
5 in this subsection. If such a person wishes to have that person's name
6 removed from the list, the person shall submit this request to the
7 commission, which shall so inform the credit departments of casinos
8 no later than three days after the submission of the request.

9 [k. Notwithstanding the provisions of paragraph (4) of subsection
10 b. of this section to the contrary, a casino licensee may, prior to the
11 completion of the verifications that are otherwise required by the rules
12 of the commission for a casino licensee to issue credit, accept a check
13 from a person to enable such person to take part in gaming or
14 simulcast wagering as a player, or may give cash or cash equivalents
15 in exchange for such check, provided that:

16 (1) the casino licensee records in the credit file of the person:

17 (a) the efforts that were made to complete the required
18 verifications and the reasons why the verifications could not be
19 completed; and

20 (b) a description of the criteria that were relied upon in
21 determining to issue credit to the person prior to the completion of the
22 required verifications;

23 (2) the check otherwise complies with the requirements of
24 subsection b. of this section and is processed by the casino licensee in
25 accordance with all other provisions of this section and the regulations
26 of the commission; and

27 (3) any check accepted by a casino licensee pursuant to the
28 provisions of this subsection:

29 (a) is clearly marked as such in a manner approved by the
30 commission; and

31 (b) may not be deducted from the total of all sums received in
32 calculating gross revenue pursuant to section 24 of P.L.1977, c.110
33 (C.5:12-24), even if such check should subsequently prove
34 uncollectible or the casino licensee completes all of the required
35 verifications prior to its deposit or presentment.]

36 ¹k. (Deleted by amendment, P.L. , c.)(now pending before
37 the Legislature as this bill).¹

38 (cf: P.L.2002, c.65, s.23)

39

40 ¹2. Section 145 of P.L.1977, c.110 (C.5:12-145) is amended to
41 read as follows:

42 145. a. There is hereby created and established in the Department
43 of the Treasury a separate special account to be known as the "Casino
44 Revenue Fund," into which shall be deposited all revenues from the tax
45 imposed by section 144 of this act; the investment alternative tax
46 imposed by section 3 of P.L.1984, c.218 (C.5:12-144.1); the taxes and
47 fees imposed by sections 3, 4 and 6 of P.L.2003, c.116 (C.5:12-148.1,

1 C.5:12-148.2 and C.5:12-145.8) and any interest and penalties
2 [collected by the Director of the Division of Taxation in the
3 Department of the Treasury in addition] imposed by the commission
4 relating to those taxes; and all penalties levied and collected by the
5 commission pursuant to P.L.1977, c.110 (C.5:12-1 et seq.) and the
6 regulations promulgated thereunder, except that the first \$600,000 in
7 penalties collected each fiscal year shall be paid into the General Fund
8 for appropriation by the Legislature to the Department of Health and
9 Senior Services, \$500,000 of which is to provide funds to the Council
10 on Compulsive Gambling of New Jersey and \$100,000 of which is to
11 provide funds for compulsive gambling treatment programs in the
12 State. In the event that less than \$600,000 in penalties are collected,
13 the Department of Health and Senior Services shall determine the
14 allocation of funds between the Council and the treatment programs
15 eligible under the criteria developed pursuant to section 2 of P.L.1993,
16 c.229 (C.26:2-169).

17 b. The commission shall require at least monthly deposits by the
18 licensee of the tax established pursuant to subsection a. of section 144
19 of P.L.1977, c.110 (C.5:12-144), at such times, under such conditions,
20 and in such depositories as shall be prescribed by the State Treasurer.
21 The deposits shall be deposited to the credit of the Casino Revenue
22 Fund. The commission may require a monthly report and
23 reconciliation statement to be filed with it on or before the 10th day of
24 each month, with respect to gross revenues and deposits received and
25 made, respectively, during the preceding month.

26 c. Moneys in the Casino Revenue Fund shall be appropriated
27 exclusively for reductions in property taxes, rentals, telephone, gas,
28 electric, and municipal utilities charges of eligible senior citizens and
29 disabled residents of the State, and for additional or expanded health
30 services or benefits or transportation services or benefits to eligible
31 senior citizens and disabled residents, as shall be provided by law. On
32 or about March 15 and September 15 of each year, the State Treasurer
33 shall publish in at least 10 newspapers circulating generally in the State
34 a report accounting for the total revenues received in the Casino
35 Revenue Fund and the specific amounts of money appropriated
36 therefrom for specific expenditures during the preceding six months
37 ending December 31 and June 30.¹

38 (cf: P.L.2003, c.116, s.7)

39

40 ^{13.} Section 6 of P.L.2003, c.116 (C.5:12-145.8) is amended to
41 read as follows:

42 6. Notwithstanding the provisions of any other law to the contrary
43 and in addition to any other tax or fee imposed by law, there is
44 imposed a fee of \$3.00 per day on each hotel room in a casino hotel
45 facility that is occupied by a guest, for consideration or as a
46 complimentary item. [The] This section shall be administered by the
47 commission and the amounts generated by this section shall be paid to

1 the State Treasurer for deposit in the Casino Revenue Fund established
2 pursuant to section 145 of P.L.1977, c.110 (C.5:12-145) in State fiscal
3 years 2004 through 2006. Beginning in State fiscal year 2007 and
4 thereafter, \$2.00 of the fee shall be deposited by the State Treasurer
5 into the Casino Revenue Fund and \$1.00 shall be transferred by the
6 State Treasurer to the Casino Reinvestment Development Authority
7 established pursuant to section 5 of P.L.1984, c.218 (C.5:12-153) for
8 its purposes pursuant to law, as approved by the membership of the
9 authority.¹

10 (cf: P.L.2003, c.116, s.6)

11

12 ¹[9.] 4.¹ Section 3 of P.L.2003, c.116 (C.5:12-148.1) is amended
13 to read as follows:

14 3. a. There is imposed on each casino licensee ¹, through June 30,
15 2009.¹ a tax on the value of rooms, food, beverages, or entertainment
16 provided at no cost or at a reduced price, as required to be reported
17 to the Casino Control Commission pursuant to section 102 of
18 P.L.1977, c.110 (C.5:12-102), which tax shall be computed as follows:

19 (1) if rooms, food, beverages or entertainment are provided at no
20 cost, the tax shall be at a rate of 4.25% on the value of rooms, food,
21 beverages and entertainment;

22 (2) if rooms, food, beverages or entertainment are provided at
23 reduced cost, the tax shall be at a rate of 4.25% on the value, which
24 taxable value shall be reduced by any consideration paid by the person
25 to whom the rooms, food, beverages or entertainment are provided;
26 provided however, that the imposition of the excise tax as provided in
27 this section is in addition to any tax due under the "Sales and Use Tax
28 Act," P.L.1966, c.30 (C.54:32B-1 et seq.), on the receipts from the
29 sale of food and beverages, or from amounts paid as a charge for
30 entertainment, or the rents for occupancy of hotel rooms, at reduced
31 cost;

32 (3) no excise tax shall be imposed on the value of any service or
33 property upon which a sales or use tax has been paid by a casino
34 licensee;

35 (4) for the purpose of computing the tax, the value of a room
36 complimentary shall be \$67, provided that the commission shall review
37 the room value within 90 days of the effective date of this act, and
38 shall adjust the statutory room value to a rate that, along with the tax
39 imposed pursuant to this section on food, beverages and
40 entertainment, is sufficient to generate \$26 million in State fiscal year
41 2004, and the commission's review and adjustment shall take into
42 account tax paid under this section by a casino licensee commencing
43 operations in calendar year 2003 in determining whether the adjusted
44 statutory room value would generate \$26 million in State fiscal year
45 2004 ¹[, and in addition, the commission shall establish an inflation
46 factor for the room value and the amount raised in [each] State fiscal
47 [year] years 2005 and 2006 by the tax imposed pursuant to this

1 section]¹;

2 (5) for the purpose of computing the tax, the value of food,
3 beverages and entertainment complimentaries shall be determined
4 pursuant to section 2 of P.L.1983, c.41 (C.5:12-14a), provided that
5 the value of a beverage complimentary served in a casino room shall
6 be the cost to the casino licensee of providing the beverage; and

7 (6) for each casino licensee, the amount of tax imposed ¹[in State
8 fiscal years 2004, 2005 and 2006]¹ by this section ¹for State fiscal
9 years 2004 through 2006¹ shall not be less than the tax that the
10 licensee would have paid if the tax had been in effect for calendar year
11 2002.

12 (7) ¹[Notwithstanding the forgoing, the rate of the tax imposed
13 pursuant to this section shall be 3.25% in State fiscal year 2007,
14 2.25% in State fiscal year 2008, and 1.25% in State fiscal year 2009,
15 and the tax shall expire on June 30, 2009.] Notwithstanding any other
16 provision of this section to the contrary, the rate and the amount to be
17 raised annually by the tax imposed pursuant to this section shall be as
18 follows: in State fiscal years 2004 through 2006, 4.25% and
19 \$26,000,000; in State fiscal year 2007, 3.1875% and \$19,500,000; in
20 State fiscal year 2008, 2.125% and \$13,000,000; and in State fiscal
21 year 2009, 1.0625% and \$6,500,000.¹

22 b. Each casino licensee shall file a return, on a form as prescribed
23 by the ¹[Director of the Division of Taxation in the Department of the
24 Treasury] commission¹, and pay the amount of tax due pursuant to
25 this section in the manner and at a frequency as the ¹[Director of the
26 Division of Taxation] commission¹ prescribes, but no more frequently
27 than monthly. In prescribing the periods to be covered by the return
28 or intervals or classifications for payment of tax liability, the
29 ¹[Director of the Division of Taxation] commission¹ may take into
30 account the dollar volume of tax involved, as well as the need for
31 ensuring the prompt and orderly collection of the tax imposed.

32 c. The ¹[Director of the Division of Taxation in the Department of
33 the Treasury] commission¹ shall ¹[collect and]¹ administer the tax
34 imposed pursuant to this section. ¹[In carrying out the provisions of
35 this section, the Director of the Division of Taxation shall have all of
36 the powers and authority granted in P.L.1966, c.30 (C.54:32B-1 et
37 seq.).]¹ The ¹[Director of the Division of Taxation] commission¹
38 shall determine and certify to the State Treasurer on at least a
39 quarterly basis the amount of tax ¹to be¹ collected ¹by the State
40 Treasurer¹ pursuant to this section. The ¹[Director of the Division of
41 Taxation] commission¹ may promulgate such rules and regulations as
42 the ¹[director] commission¹ determines are necessary to effectuate the
43 provisions of this act.

44 d. ¹[The tax imposed by this section shall be governed in all
45 respects by the provisions of the "State Uniform Tax Procedure Law,"
46 R.S.54:48-1 et seq, except only to the extent that a specific provision

1 of this section may be in conflict therewith.] (Deleted by amendment,
2 P.L., c. _____)(now pending before the Legislature as this bill).¹

3 e. The tax imposed by this section, and any interest or penalties
4 ¹[collected by the Director of the Division of Taxation] imposed by
5 the commission¹ relating to that tax, shall be deposited ¹by the State
6 Treasurer¹ into the Casino Revenue Fund established pursuant to
7 section 145 of P.L.1977, c.110 (C.5:12-145).

8 ¹f. In a State fiscal year in which the amount of the tax collected
9 is more or less than is required to be collected pursuant to paragraph
10 (7) of subsection a. of this section, the amount of the shortfall or
11 excess shall be credited or assessed, as appropriate, to each casino
12 licensee in the same proportion as that casino licensee's tax payments
13 pursuant to this section for that particular State fiscal year bear to the
14 total tax payments received from all casino licensees pursuant to this
15 section for that same State fiscal year.¹

16 (cf: P.L.2003, c.116, s.3)

17

18 ¹5. Section 4 of P.L.2003, c.116 (C.5:12-148.2) is amended to
19 read as follows:

20 4. a. A tax at the rate of 8% is imposed on casino service industry
21 multi-casino progressive slot machine revenue. The tax shall not be
22 considered a tax collectable under the "Sales and Use Tax Act,"
23 P.L.1966, c.30 (C.54:32B-1 et seq.).

24 b. As used in this section, "casino service industry multi-casino
25 progressive slot machine revenue" means sums received by a casino
26 service industry, licensed pursuant to the provisions of subsection a.
27 of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant
28 for such license, net of any money accrued for return to patrons in the
29 form of jackpots, that are directly or indirectly related to: (1) the
30 conduct of multi-casino progressive slot machine system operations in
31 a casino; or (2) the sale, lease, servicing or management of a
32 multi-casino progressive slot machine system. Notwithstanding the
33 foregoing, "casino service industry multi-casino progressive slot
34 machine revenue" shall not be construed to apply to revenue derived
35 from transactions between a casino licensee and its holding company
36 or intermediary companies or their affiliates.

37 c. The [Director of the Division of Taxation in the Department of
38 the Treasury] commission shall [collect and] administer the tax
39 imposed pursuant to this section. [In carrying out the provisions of
40 this section, the Director of the Division of Taxation shall have all the
41 powers granted in P.L.1966, c.30 (C.54:32B-1 et seq.).] The tax
42 imposed by this section, and any interest or penalties [collected]
43 imposed by the [Director of the Division of Taxation] commission
44 relating to that tax, shall be deposited by the State Treasurer into the
45 Casino Revenue Fund established pursuant to section 145 of P.L.1977,
46 c.110 (C.5:12-145).

1 d. A casino service industry licensee or applicant required to pay
2 the tax imposed pursuant to this section shall, on or before the [dates
3 required pursuant to section 17 of P.L.1966, c.30 (C.54:32B-17)]
4 28th day of the month, forward to the [Director of the Division of
5 Taxation] State Treasurer the tax owed on casino service industry
6 multi-casino progressive slot machine revenue received by the casino
7 service industry licensee or applicant in the preceding month and make
8 and file a return for the preceding month with the [Director of the
9 Division of Taxation] commission on any form and containing any
10 information as the [Director of the Division of Taxation] commission
11 shall prescribe by rule or regulation as necessary to determine liability
12 for the tax in the preceding month during which the person was
13 required to pay the tax.

14 e. The [Director of the Division of Taxation] commission may
15 permit or require returns to be made covering other periods and upon
16 any dates as the [Director of the Division of Taxation] commission
17 may specify. In addition, the [Director of the Division of Taxation]
18 commission may require payments of tax liability to the State
19 Treasurer at any intervals and based upon any classifications as the
20 [Director of the Division of Taxation] commission may designate. In
21 prescribing any other periods to be covered by the return or intervals
22 or classifications for payment of tax liability, the [Director of the
23 Division of Taxation] commission may take into account the dollar
24 volume of tax involved as well as the need for ensuring the prompt and
25 orderly collection of the tax imposed.

26 f. The [Director of the Division of Taxation] commission may
27 require amended returns to be filed within 20 days after notice and to
28 contain the information specified in the notice.

29 g. [The tax imposed under this section shall be governed by the
30 provisions of the "State Uniform Tax Procedure Law," R.S.54:48-1 et
31 seq.] (Deleted by amendment, P.L. , c.)(now pending before the
32 Legislature as this bill).¹

33 (cf: P.L.2003, c.116, s.4)

34

35 ¹6. Section 5 of P.L.2003, c.116 (C.5:12-148.3) is amended to
36 read as follows:

37 5. a. In State fiscal years 2004 through 2006, a tax at the rate of
38 7.5% is imposed on the adjusted net income of a casino licensee in
39 calendar year 2002, determined pursuant to information provided by
40 casino licensees to the commission pursuant to regulations
41 promulgated in accordance with subsection n. of section 70 of
42 P.L.1977, c.110 (C.5:12-70) and published on April 2, 2003 in the
43 commission's statement of casino licensee income for the
44 twelve-month period ending on December 31, 2002, without regard to
45 subsequent adjustment to such filing. For a casino licensee that was
46 not in operation in calendar year 2002, the amount of the tax shall be

1 7.5% of its adjusted net income in State fiscal year 2004, as filed by
2 the licensee with the commission pursuant to regulations promulgated
3 in accordance with subsection n. of section 70 of P.L.1977, c.110
4 (C.5:12-70). As used in this section, "adjusted net income" means
5 annual net income plus management fees.

6 The aggregate amount of tax imposed by this section shall not
7 exceed \$10 million annually for a holder of more than one casino
8 license, and for each casino licensee the tax imposed by this section
9 shall not be less than \$350,000 annually.

10 b. The [Director of the Division of Taxation in the Department of
11 the Treasury] commission shall [collect and] administer the tax
12 imposed pursuant to this section. [In carrying out the provisions of
13 this section, the Director of the Division of Taxation shall have all of
14 the powers granted in P.L.1945, c.162 (C.54:10A-1 et seq.).] For a
15 casino licensee that was in operation in calendar year 2002, the tax
16 shall be due and payable to the State Treasurer in four equal payments
17 on September 15, December 15, March 15, and June 15 of each State
18 fiscal year. For a casino licensee that was not in operation in calendar
19 year 2002, the tax in State fiscal year 2004 shall be due and payable to
20 the State Treasurer in four quarterly estimated payments on the basis
21 of adjusted net income in the current quarter, and the licensee shall file
22 an annual return for State fiscal year 2004 no later than October 15,
23 2004. In State fiscal years 2005 and 2006 for such casino licensee, the
24 tax shall be due and payable to the State Treasurer in four equal
25 payments on September 15, December 15, March 15 and June 15.

26 c. The tax imposed by this section, and any interest or penalties
27 [collected by the Director of the Division of Taxation in the
28 Department of the Treasury] imposed by the commission relating to
29 that tax, shall be deposited by the State Treasurer into the Casino
30 Revenue Fund established pursuant to section 145 of P.L.1977, c.110
31 (C.5:12-145).

32 d. The [Director of the Division of Taxation in the Department of
33 the Treasury] commission shall certify on September 30, 2003 and
34 annually thereafter the amount of tax [collected] required to be paid
35 pursuant to this section. The [Director of the Division of Taxation]
36 commission may promulgate such rules and regulations as the
37 [Director of the Division of Taxation] commission determines are
38 necessary to effectuate the provisions of this section.

39 e. [The tax imposed under this section shall be governed by the
40 provisions of the "State Uniform Tax Procedure Law," R.S.54:48-1 et
41 seq.] (~~Deleted by amendment, P.L. , c.~~)(now pending before the
42 Legislature as this bill).¹

43 (cf: P.L.2003, c.116, s.5)

44
45 ¹7. Section 5 of P.L.1993, c.159 (C.5:12-173.5) is amended to
46 read as follows:

1 5. Each person subject to the provisions of section 3 of P.L.1993,
2 c.159 (C.5:12-173.3) shall be responsible for the collection of the fees
3 imposed pursuant thereto, which shall be collected as part of the
4 charge made for the use of a parking space. Amounts so collected shall
5 be forwarded to the [Director of the Division of Taxation in the
6 Department of the Treasury] State Treasurer. [The director, in
7 administering the provisions of P.L.1993, c.159, shall have all the
8 powers granted in P.L.1966, c.30 (C.54:32B-1 et seq.).] The
9 [director] commission shall determine and certify to the State
10 Treasurer on a monthly basis the amount of revenues [collected by the
11 director pursuant to this section] which are payable as directed by
12 section 4 of P.L.1993, c.159 (C.5:12-173.4). The State Treasurer,
13 upon certification of the [director] commission and upon warrant of
14 the State Comptroller, and subject to the pertinent requirements of
15 section 4 of P.L.1993, c.159 (C.5:12-173.4) shall pay and distribute
16 on a monthly basis pursuant to section 4 of P.L.1993, c.159
17 (C.5:12-173.4) the amount so certified.¹
18 (cf: P.L.2003, c.116, s.12)

19

20 ¹[10.] §.¹ This act shall take effect immediately.

21

22

23

24

25 Transfers administration of certain casino taxes to Casino Control
26 Commission; provides for phased elimination of casino
27 complimentary tax.

ASSEMBLY, No. 3120

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED JUNE 21, 2004

Sponsored by:

Assemblyman JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

Assemblyman FRANCIS J. BLEE

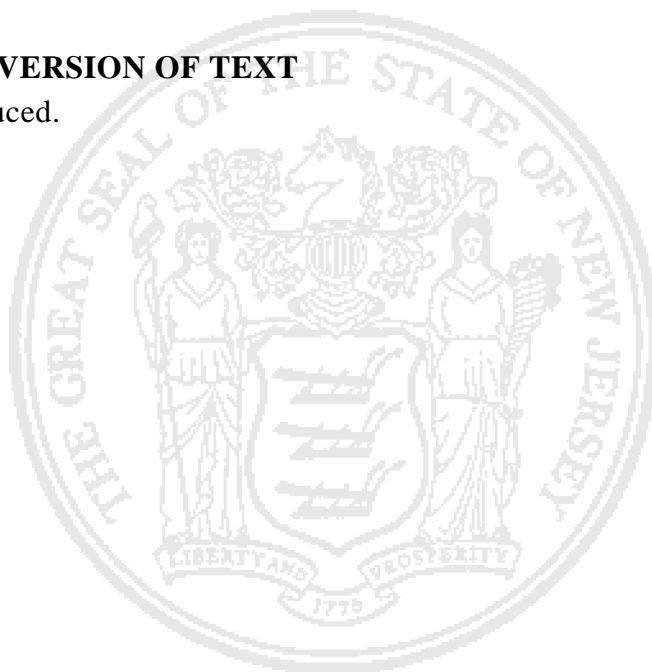
District 2 (Atlantic)

SYNOPSIS

Concerns regulation of certain agreements between casino and casino service industry licensees and provides for phased elimination of tax on casino complementaries.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/22/2004)

A3120 VAN DREW, ROBERTS

2

1 AN ACT concerning the regulation and taxation of the casino industry,
2 amending P.L.1995, c.18 and P.L.2003, c.116 and amending and
3 supplementing P.L.1977, c.110 (C.5:12-1 et seq.).
4

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

8 1. (New section) "Annuity jackpot" - A slot machine jackpot
9 offered by a casino licensee or multi-casino progressive slot machine
10 system pursuant to which a patron wins the right to receive fixed cash
11 payments at specified intervals in the future.
12

13 2. Section 3 of P.L.1995, c.18 (C.5:12-2.2) is amended to read as
14 follows:

15 3. "Annuity jackpot **[trust] guarantee**"-- A **[trust that is formed by**
16 **one or more casino licensees,] financial arrangement established in**
17 **accordance with the rules [established by] of the commission[,]** to
18 assure that all payments that are due to the winner of **[a slot machine]**
19 **an annuity jackpot [that is to be paid in installments at specified**
20 **intervals in the future] are actually paid when due regardless of the**
21 **future financial stability of the slot system operator that is responsible**
22 **for making such payments.**

23 (cf: P.L. 1995, c.18, s.3)
24

25 3. (New section) "Multi-casino progressive slot machine system"
26 "Multi-casino progressive slot machine system"- A slot machine
27 gaming system approved by the commission pursuant to which a
28 common progressive slot machine jackpot is offered on slot machines
29 that are interconnected in more than one casino hotel facility.
30

31 4. (New section) "Slot system agreement"

32 "Slot system agreement" - A written agreement governing the
33 operation and administration of a multi-casino progressive slot
34 machine system that is approved by the commission and executed by
35 the participating casino licensees and any slot system operator.
36

37 5. (New section) "Slot system operator"

38 "Slot system operator" - Any person designated in a slot system
39 agreement as being responsible for the operation and administration of
40 a multi-casino progressive slot machine system, including a casino
41 licensee, a group of casino licensees acting jointly or a casino service
42 industry licensed pursuant to subsection a. of section 92 of P.L.1977,

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 c.110 (C.5:12-92), or an eligible applicant for such license.

2

3 6. Section 82 of P.L.1977, c.110 (C.5:12-82) is amended to read
4 as follows:

5 82. a. No casino shall operate unless all necessary licenses and
6 approvals therefor have been obtained in accordance with law.

7 b. Only the following persons shall be eligible to hold a casino
8 license; and, unless otherwise determined by the commission with the
9 concurrence of the Attorney General which may not be unreasonably
10 withheld in accordance with subsection c. of this section, each of the
11 following persons shall be required to hold a casino license prior to the
12 operation of a casino in the casino hotel with respect to which the
13 casino license has been applied for:

14 (1) Any person who either owns an approved casino hotel or owns
15 or has a contract to purchase or construct a casino hotel which in the
16 judgment of the commission can become an approved casino hotel
17 within 30 months or within such additional time period as the
18 commission may, upon a showing of good cause therefor, establish;

19 (2) Any person who, whether as lessor or lessee, either leases an
20 approved casino hotel or leases or has an agreement to lease a casino
21 hotel which in the judgment of the commission can become an
22 approved casino hotel within 30 months or within such additional time
23 period as the commission may, upon a showing of good cause
24 therefor, establish;

25 (3) Any person who has a written agreement with a casino licensee
26 or with an eligible applicant for a casino license for the complete
27 management of a casino and, if applicable, any authorized games in a
28 casino simulcasting facility; and

29 (4) Any other person who has control over either an approved
30 casino hotel or the land thereunder or the operation of a casino.

31 c. Prior to the operation of a casino and, if applicable, a casino
32 simulcasting facility, every agreement to lease an approved casino
33 hotel or the land thereunder and every agreement for the management
34 of the casino and, if applicable, any authorized games in a casino
35 simulcasting facility, shall be in writing and filed with the commission.
36 No such agreement shall be effective unless expressly approved by the
37 commission. The commission may require that any such agreement
38 include within its terms any provision reasonably necessary to best
39 accomplish the policies of this act. Consistent with the policies of this
40 act:

41 (1) The commission, with the concurrence of the Attorney General
42 which may not be unreasonably withheld, may determine that any
43 person who does not have the ability to exercise any significant control
44 over either the approved casino hotel or the operation of the casino
45 contained therein shall not be eligible to hold or required to hold a
46 casino license;

A3120 VAN DREW, ROBERTS

1 (2) The commission, with the concurrence of the Attorney General
2 which may not be unreasonably withheld, may determine that any
3 owner, lessor or lessee of an approved casino hotel or the land
4 thereunder who does not own or lease the entire approved casino hotel
5 shall not be eligible to hold or required to hold a casino license;

6 (3) The commission shall require that any person or persons
7 eligible to apply for a casino license organize itself or themselves into
8 such form or forms of business association as the commission shall
9 deem necessary or desirable in the circumstances to carry out the
10 policies of this act;

11 (4) The commission may issue separate casino licenses to any
12 persons eligible to apply therefor;

13 (5) As to agreements to lease an approved casino hotel or the land
14 thereunder, unless it expressly and by formal vote for good cause
15 determines otherwise, the commission shall require that each party
16 thereto hold either a casino license or casino service industry license
17 and that such an agreement be for a durational term exceeding 30
18 years, concern 100% of the entire approved casino hotel or of the land
19 upon which same is located, and include within its terms a buy-out
20 provision conferring upon the casino licensee-lessee who controls the
21 operation of the approved casino hotel the absolute right to purchase
22 for an expressly set forth fixed sum the entire interest of the lessor or
23 any person associated with the lessor in the approved casino hotel or
24 the land thereunder in the event that said lessor or said person
25 associated with the lessor is found by the commission to be unsuitable
26 to be associated with a casino enterprise;

27 (6) The commission shall not permit an agreement for the leasing
28 of an approved casino hotel or the land thereunder to provide for the
29 payment of an interest, percentage or share of money gambled at the
30 casino or derived from casino gaming activity or of revenues or profits
31 of the casino unless the party receiving payment of such interest,
32 percentage or share is a party to the approved lease agreement; unless
33 each party to the lease agreement holds either a casino license or
34 casino service industry license and unless the agreement is for a
35 durational term exceeding 30 years, concerns a significant portion of
36 the entire approved casino hotel or of the land upon which same is
37 located, and includes within its terms a buy-out provision conforming
38 to that described in paragraph (5) above;

39 (7) As to agreements for the management of a casino and, if
40 applicable, the authorized games in a casino simulcasting facility, the
41 commission shall require that each party thereto hold a casino license,
42 that the party thereto who is to manage the casino gaming operations
43 own at least 10% of all outstanding equity securities of any casino
44 licensee or of any eligible applicant for a casino license if the said
45 licensee or applicant is a corporation and the ownership of an
46 equivalent interest in any casino licensee or in any eligible applicant for

1 a casino license if same is not a corporation, and that such an
2 agreement be for the complete management of all casino space in the
3 casino hotel and, if applicable, all authorized games in a casino
4 simulcasting facility, provide for the sole and unrestricted power to
5 direct the casino gaming operations of the casino hotel which is the
6 subject of the agreement, and be for such a durational term as to
7 assure reasonable continuity, stability and independence in the
8 management of the casino gaming operations, provided that the
9 provisions of this paragraph shall not apply to [agreements relating to
10 the operation of a multi-casino progressive slot machine system] a slot
11 system agreement between a group of casino licensees and a casino
12 service industry licensed pursuant to subsection a. of section 92 of
13 P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license,
14 and that, with regard to such agreements, the casino service industry
15 licensee or applicant may operate and administer the multi-casino
16 progressive slot machine system, including, but not limited to, the
17 operation of a monitor room [and] or the payment of [the]
18 progressive jackpots [from a fund of contributions from participating
19 casino licensees, provided that the consideration charged to the casino
20 licensees for the operation and administration of the monitor room
21 shall not exceed the actual direct costs of operating and administering
22 the monitor room], including annuity jackpots, and further provided
23 that the obligation to pay a progressive jackpot or establish an annuity
24 jackpot guarantee shall be the sole responsibility of the casino licensee
25 or casino service industry licensee or applicant designated in the slot
26 system agreement and that no other party shall be jointly or severally
27 liable for the payment or funding of such jackpots or guarantees unless
28 such liability is specifically established in the slot system agreement;

29 (8) The commission may permit an agreement for the management
30 of a casino and, if applicable, the authorized games in a casino
31 simulcasting facility to provide for the payment to the managing party
32 of an interest, percentage or share of money gambled at all authorized
33 games or derived from casino gaming activity or of revenues or profits
34 of casino gaming operations;

35 (9) Notwithstanding any other provision of P.L.1977, c.110
36 (C.5:12-1 et seq.) to the contrary, the commission may permit an
37 agreement between a casino licensee and a casino service industry
38 licensed pursuant to the provisions of subsection a. of section 92 of
39 P.L.1977, c.110 (C.5:12-92) for the conduct of casino simulcasting in
40 a simulcasting facility or for the operation of a multi-casino
41 progressive slot machine system, to provide for the payment to the
42 casino service industry of an interest, percentage or share of the
43 money derived from the casino licensee's share of proceeds from
44 simulcast wagering activity or the operation of a multi-casino
45 progressive slot machine system; and

46 (10) As to agreements to lease an approved casino hotel or the

1 land thereunder, agreements to jointly own an approved casino hotel
2 or the land thereunder and agreements for the management of casino
3 gaming operations or for the conduct of casino simulcasting in a
4 simulcasting facility, the commission shall require that each party
5 thereto, except for a banking or other chartered or licensed lending
6 institution or any subsidiary thereof, or any chartered or licensed life
7 insurance company or property and casualty insurance company, or the
8 State of New Jersey or any political subdivision thereof or any agency
9 or instrumentality of the State or any political subdivision thereof,
10 shall be jointly and severally liable for all acts, omissions and violations
11 of this act by any party thereto regardless of actual knowledge of such
12 act, omission or violation and notwithstanding any provision in such
13 agreement to the contrary. Notwithstanding the foregoing, nothing in
14 this paragraph shall require a casino licensee to be jointly and severally
15 liable for any acts, omissions or violations of this act, P.L.1977, c.110
16 (C.5:12-1 et seq.), committed by any casino service industry licensee
17 or applicant performing as a slot system operator pursuant to a slot
18 system agreement.

19 d. No corporation shall be eligible to apply for a casino license
20 unless:

21 (1) The corporation shall be incorporated in the State of New
22 Jersey, although such corporation may be a wholly or partially owned
23 subsidiary of a corporation which is organized pursuant to the laws of
24 another state of the United States or of a foreign country;

25 (2) The corporation shall maintain an office of the corporation in
26 the casino hotel licensed or to be licensed;

27 (3) The corporation shall comply with all the requirements of the
28 laws of the State of New Jersey pertaining to corporations;

29 (4) The corporation shall maintain a ledger in the principal office
30 of the corporation in New Jersey which shall at all times reflect the
31 current ownership of every class of security issued by the corporation
32 and shall be available for inspection by the commission or the division
33 and authorized agents of the commission and the division at all
34 reasonable times without notice;

35 (5) The corporation shall maintain all operating accounts required
36 by the commission in a bank in New Jersey, except that a casino
37 licensee may establish deposit-only accounts in any jurisdiction in
38 order to obtain payment of any check described in section 101 of
39 P.L.1977, c.110 (C.5:12-101);

40 (6) The corporation shall include among the purposes stated in its
41 certificate of incorporation the conduct of casino gaming and provide
42 that the certificate of incorporation includes all provisions required by
43 this act;

44 (7) The corporation, if it is not a publicly traded corporation, shall
45 file with the commission such adopted corporate charter provisions as
46 may be necessary to establish the right of prior approval by the

1 commission with regard to transfers of securities, shares, and other
2 interests in the applicant corporation; and, if it is a publicly traded
3 corporation, provide in its corporate charter that any securities of such
4 corporation are held subject to the condition that if a holder thereof is
5 found to be disqualified by the commission pursuant to the provisions
6 of this act, such holder shall dispose of his interest in the corporation;
7 provided, however, that, notwithstanding the provisions of
8 N.J.S.14A:7-12 and N.J.S.12A:8-101 et seq., nothing herein shall be
9 deemed to require that any security of such corporation bear any
10 legend to this effect;

11 (8) The corporation, if it is not a publicly traded corporation, shall
12 establish to the satisfaction of the commission that appropriate charter
13 provisions create the absolute right of such non-publicly traded
14 corporations and companies to repurchase at the market price or the
15 purchase price, whichever is the lesser, any security, share or other
16 interest in the corporation in the event that the commission
17 disapproves a transfer in accordance with the provisions of this act;

18 (9) Any publicly traded holding, intermediary, or subsidiary
19 company of the corporation, whether the corporation is publicly traded
20 or not, shall contain in its corporate charter the same provisions
21 required under paragraph (7) for a publicly traded corporation to be
22 eligible to apply for a casino license; and

23 (10) Any non-publicly traded holding, intermediary or subsidiary
24 company of the corporation, whether the corporation is publicly traded
25 or not, shall establish to the satisfaction of the commission that its
26 charter provisions are the same as those required under paragraphs (7)
27 and (8) for a non-publicly traded corporation to be eligible to apply for
28 a casino license.

29 Notwithstanding the foregoing, any corporation or company which
30 had bylaw provisions approved by the commission prior to the
31 effective date of this 1987 amendatory act shall have one year from the
32 effective date of this 1987 amendatory act to adopt appropriate charter
33 provisions in accordance with the requirements of this subsection.

34 The provisions of this subsection shall apply with the same force
35 and effect with regard to casino license applicants and casino licensees
36 which have a legal existence that is other than corporate to the extent
37 which is appropriate.

38 e. No person shall be issued or be the holder of a casino license if
39 the issuance or the holding results in undue economic concentration in
40 Atlantic City casino operations by that person. The commission shall,
41 after conducting public hearings thereon, promulgate rules and
42 regulations in accordance with the "Administrative Procedure Act,"
43 P.L.1968, c.410 (C.52:14B-1 et seq.) defining the criteria the
44 commission will use in determining what constitutes undue economic
45 concentration. For the purpose of this subsection a person shall be
46 considered the holder of a casino license if such license is issued to
47 such person or if such license is held by any holding, intermediary or

1 subsidiary company thereof, or by any officer, director, casino key
2 employee or principal employee of such person, or of any holding,
3 intermediary or subsidiary company thereof.

4 (cf: P.L.2003, c.116, s.1)

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

8 100. a. This act shall not be construed to permit any gaming
9 except the conduct of authorized games in a casino room in
10 accordance with this act and the regulations promulgated hereunder
11 and in a simulcasting facility to the extent provided by the "Casino
12 Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.).
13 Notwithstanding the foregoing, if the commission approves the game
14 of keno as an authorized game pursuant to section 5 of P.L.1977,
15 c.110 (C.5:12-5), as amended, keno tickets may be sold or redeemed
16 in accordance with commission regulations at any location in a casino
17 hotel approved by the commission for such activity.

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

37 Notwithstanding any other provision of this section, equipment
38 which supports a multi-casino progressive slot system and links and
39 interconnects slot machines of two or more casino licensees but is
40 inaccessible to patrons, such as computers, may, with the approval of
41 the commission, be possessed, maintained and operated by a casino
42 licensee either in a restricted area on the premises of a casino hotel or
43 in a secure facility specifically designed for that purpose off the
44 premises of a casino hotel but within the city limits of the City of
45 Atlantic City.

46 Notwithstanding the foregoing, a person may, with the prior
47 approval of the commission and under such terms and conditions as

1 may be required by the commission, possess, maintain or exhibit
2 gaming equipment in any other area of the casino hotel; provided such
3 equipment is used for nongaming purposes.

4 c. Each casino hotel shall contain a count room and such other
5 secure facilities as may be required by the commission for the counting
6 and storage of cash, coins, tokens and checks received in the conduct
7 of gaming and for the inspection, counting and storage of dice, cards,
8 chips and other representatives of value. All drop boxes and other
9 devices wherein cash, coins, or tokens are deposited at the gaming
10 tables or in slot machines, and all areas wherein such boxes and
11 devices are kept while in use, shall be equipped with two locking
12 devices, one key to which shall be under the exclusive control of the
13 commission and the other under the exclusive control of the casino
14 licensee, and said drop boxes and other devices shall not be brought
15 into or removed from a casino room or simulcasting facility, or locked
16 or unlocked, except at such times, in such places, and according to
17 such procedures as the commission may require.

18 d. All chips used in gaming shall be of such size and uniform color
19 by denomination as the commission shall require by regulation.

20 e. All gaming shall be conducted according to rules promulgated
21 by the commission. All wagers and pay-offs of winning wagers shall
22 be made according to rules promulgated by the commission, which
23 shall establish such limitations as may be necessary to assure the
24 vitality of casino operations and fair odds to patrons. Each slot
25 machine shall have a minimum payout of 83%.

26 f. Each casino licensee shall make available in printed form to any
27 patron upon request the complete text of the rules of the commission
28 regarding games and the conduct of gaming, pay-offs of winning
29 wagers, an approximation of the odds of winning for each wager, and
30 such other advice to the player as the commission shall require. Each
31 casino licensee shall prominently post within a casino room and
32 simulcasting facility, as appropriate, according to regulations of the
33 commission such information about gaming rules, pay-offs of winning
34 wagers, the odds of winning for each wager, and such other advice to
35 the player as the commission shall require.

36 g. Each gaming table shall be equipped with a sign indicating the
37 permissible minimum and maximum wagers pertaining thereto. It shall
38 be unlawful for a casino licensee to require any wager to be greater
39 than the stated minimum or less than the stated maximum; provided,
40 however, that any wager actually made by a patron and not rejected by
41 a casino licensee prior to the commencement of play shall be treated
42 as a valid wager.

43 h. (1) No slot machine shall be used to conduct gaming unless it
44 is identical in all electrical, mechanical and other aspects to a model
45 thereof which has been specifically tested by the division and licensed
46 for use by the commission. The division may, in its discretion, and for
47 the purpose of expediting the approval process, refer testing to any

1 testing laboratory with a plenary license as a casino service industry
2 pursuant to subsection a. of section 92 of P.L.1977, c.110
3 (C.5:12-92). The division shall give priority to the testing of slot
4 machines which a casino licensee has certified it will use in its casino
5 in this State. The commission shall, by regulation, establish such
6 technical standards for licensure of slot machines, including mechanical
7 and electrical reliability, security against tampering, the
8 comprehensibility of wagering, and noise and light levels, as it may
9 deem necessary to protect the player from fraud or deception and to
10 insure the integrity of gaming. The denominations of such machines
11 shall be set by the licensee; the licensee shall simultaneously notify the
12 commission of the settings.

13 (2) The commission shall, by regulation, determine the permissible
14 number and density of slot machines in a licensed casino so as to:

15 (a) promote optimum security for casino operations;

16 (b) avoid deception or frequent distraction to players at gaming
17 tables;

18 (c) promote the comfort of patrons;

19 (d) create and maintain a gracious playing environment in the
20 casino; and

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

23 Any such regulation promulgated by the commission which
24 determines the permissible number and density of slot machines in a
25 licensed casino shall provide that all casino floor space and all space
26 within a casino licensee's casino simulcasting facility shall be included
27 in any calculation of the permissible number and density of slot
28 machines in a licensed casino.

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

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

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

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

45 m. It shall be unlawful for a dealer in any authorized game in which
46 cards are dealt to deal cards by hand or other than from a device
47 specifically designed for that purpose, unless otherwise permitted by

1 the rules of the commission.

2 n. It shall be unlawful for any casino key employee or any person
3 who is required to hold a casino key employee license as a condition
4 of employment or qualification to wager in any casino or simulcasting
5 facility in this State, or any casino employee, other than a junket
6 representative, bartender, waiter, waitress, or other casino employee
7 who, in the judgment of the commission, is not directly involved with
8 the conduct of gaming operations, to wager in a casino or simulcasting
9 facility in the casino hotel in which the employee is employed or in any
10 other casino or simulcasting facility in this State which is owned or
11 operated by the same casino licensee. Any casino employee, other
12 than a junket representative, bartender, waiter, waitress, or other
13 casino employee who, in the judgment of the commission, is not
14 directly involved with the conduct of gaming operations, must wait at
15 least 30 days following the date that the employee either leaves
16 employment with a casino licensee or is terminated from employment
17 with a casino licensee before the employee may gamble in a casino or
18 simulcasting facility in the casino hotel in which the employee was
19 formerly employed or in any other casino or simulcasting facility in this
20 State which is owned or operated by the same casino licensee.

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

26 (2) A dealer may accept tips or gratuities from a patron at the table
27 at which such dealer is conducting play, subject to the provisions of
28 this subsection. All such tips or gratuities shall be immediately
29 deposited in a lockbox reserved for that purpose, accounted for, and
30 placed in a pool for distribution pro rata among the dealers, with the
31 distribution based upon the number of hours each dealer has worked,
32 except that the commission may permit a separate pool to be
33 established for dealers in the game of poker, or may permit tips or
34 gratuities to be retained by individual dealers in the game of poker.

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

39 (cf: P.L.2002, c.65, s.22)

40

41 8. Section 101 of P.L.1977, c.110 (C.5:12-101) is amended to read
42 as follows:

43 a. Except as otherwise provided in this section, no casino licensee
44 or any person licensed under this act, and no person acting on behalf
45 of or under any arrangement with a casino licensee or other person
46 licensed under this act, shall:

47 (1) Cash any check, make any loan, or otherwise provide or allow

1 to any person any credit or advance of anything of value or which
2 represents value to enable any person to take part in gaming or
3 simulcast wagering activity as a player; or

4 (2) Release or discharge any debt, either in whole or in part, or
5 make any loan which represents any losses incurred by any player in
6 gaming or simulcast wagering activity, without maintaining a written
7 record thereof in accordance with the rules of the commission.

8 b. No casino licensee or any person licensed under this act, and no
9 person acting on behalf of or under any arrangement with a casino
10 licensee or other person licensed under this act, may accept a check,
11 other than a recognized traveler's check or other cash equivalent from
12 any person to enable such person to take part in gaming or simulcast
13 wagering activity as a player, or may give cash or cash equivalents in
14 exchange for such check unless:

15 (1) The check is made payable to the casino licensee;

16 (2) The check is dated, but not postdated;

17 (3) The check is presented to the cashier or the cashier's
18 representative at a location in the casino approved by the commission
19 and is exchanged for cash or slot tokens which total an amount equal
20 to the amount for which the check is drawn, or the check is presented
21 to the cashier's representative at a gaming table in exchange for chips
22 which total an amount equal to the amount for which the check is
23 drawn; and

24 (4) The regulations concerning check cashing procedures are
25 observed by the casino licensee and its employees and agents.

26 Nothing in this subsection shall be deemed to preclude the
27 establishment of an account by any person with a casino licensee by a
28 deposit of cash, recognized traveler's check or other cash equivalent,
29 or a check which meets the requirements of subsection g. of this
30 section, or to preclude the withdrawal, either in whole or in part, of
31 any amount contained in such account.

32 c. When a casino licensee or other person licensed under this act,
33 or any person acting on behalf of or under any arrangement with a
34 casino licensee or other person licensed under this act, cashes a check
35 in conformity with the requirements of subsection b. of this section,
36 the casino licensee shall cause the deposit of such check in a bank for
37 collection or payment, or shall require an attorney or casino key
38 employee with no incompatible functions to present such check to the
39 drawer's bank for payment, within (1) seven calendar days of the date
40 of the transaction for a check in an amount of \$1,000.00 or less; (2)
41 14 calendar days of the date of the transaction for a check in an
42 amount greater than \$1,000.00 but less than or equal to \$5,000.00; or
43 (3) 45 calendar days of the date of the transaction for a check in an
44 amount greater than \$5,000.00. Notwithstanding the foregoing, the
45 drawer of the check may redeem the check by exchanging cash, cash
46 equivalents, chips, or a check which meets the requirements of
47 subsection g. of this section in an amount equal to the amount for

1 which the check is drawn; or he may redeem the check in part by
2 exchanging cash, cash equivalents, chips, or a check which meets the
3 requirements of subsection g. of this section and another check which
4 meets the requirements of subsection b. of this section for the
5 difference between the original check and the cash, cash equivalents,
6 chips, or check tendered; or he may issue one check which meets the
7 requirements of subsection b. of this section in an amount sufficient to
8 redeem two or more checks drawn to the order of the casino licensee.
9 If there has been a partial redemption or a consolidation in conformity
10 with the provisions of this subsection, the newly issued check shall be
11 delivered to a bank for collection or payment or presented to the
12 drawer's bank for payment by an attorney or casino key employee with
13 no incompatible functions within the period herein specified. No casino
14 licensee or any person licensed under this act, and no person acting on
15 behalf of or under any arrangement with a casino licensee or other
16 person licensed under this act, shall accept any check or series of
17 checks in redemption or consolidation of another check or checks in
18 accordance with this subsection for the purpose of avoiding or
19 delaying the deposit of a check in a bank for collection or payment or
20 the presentment of the check to the drawer's bank within the time
21 period prescribed by this subsection.

22 In computing a time period prescribed by this subsection, the last
23 day of the period shall be included unless it is a Saturday, Sunday, or
24 a State or federal holiday, in which event the time period shall run until
25 the next business day.

26 d. No casino licensee or any other person licensed under this act,
27 or any other person acting on behalf of or under any arrangement with
28 a casino licensee or other person licensed under this act, shall transfer,
29 convey, or give, with or without consideration, a check cashed in
30 conformity with the requirements of this section to any person other
31 than:

32 (1) The drawer of the check upon redemption or consolidation in
33 accordance with subsection c. of this section;

34 (2) A bank for collection or payment of the check;

35 (3) A purchaser of the casino license as approved by the
36 commission; or

37 (4) An attorney or casino key employee with no incompatible
38 functions for presentment to the drawer's bank.

39 The limitation on transferability of checks imposed herein shall
40 apply to checks returned by any bank to the casino licensee without
41 full and final payment.

42 e. No person other than one licensed as a casino key employee or
43 as a casino employee may engage in efforts to collect upon checks that
44 have been returned by banks without full and final payment, except
45 that an attorney-at-law representing a casino licensee may bring action
46 for such collection.

47 f. Notwithstanding the provisions of any law to the contrary,

1 checks cashed in conformity with the requirements of this act shall be
2 valid instruments, enforceable at law in the courts of this State. Any
3 check cashed, transferred, conveyed or given in violation of this act
4 shall be invalid and unenforceable for the purposes of collection but
5 shall be included in the calculation of gross revenue pursuant to
6 section 24 of P.L.1977, c.110 (C.5:12-24).

7 g. Notwithstanding the provisions of subsection b. of this section
8 to the contrary, a casino licensee may accept a check from a person to
9 enable the person to take part in gaming or simulcast wagering activity
10 as a player, may give cash or cash equivalents in exchange for such a
11 check, or may accept a check in redemption or partial redemption of
12 a check issued in accordance with subsection b., provided that:

13 (1) (a) The check is drawn by a casino licensee pursuant to the
14 provisions of subsection k. of section 100 of P.L.1977, c.110
15 (C.5:12-100) or upon a withdrawal of funds from an account
16 established in accordance with the provisions of subsection b. of this
17 section or is drawn by a casino licensee as payment for winnings from
18 an authorized game or simulcast wagers;

19 (b) The check is issued by a banking institution which is chartered
20 in a country other than the United States on its account at a federally
21 chartered or state-chartered bank and is made payable to "cash,"
22 "bearer," a casino licensee, or the person presenting the check;

23 (c) The check is issued by a banking institution which is chartered
24 in the United States on its account at another federally chartered or
25 state-chartered bank and is made payable to "cash," "bearer," a casino
26 licensee, or the person presenting the check;

27 (d) The check is issued by [an annuity jackpot trust] a slot system
28 operator or pursuant to an annuity jackpot guarantee as payment for
29 winnings from [an annuity] a multi-casino progressive slot machine
30 system jackpot; or

31 (e) The check is issued by an affiliate of a casino licensee that holds
32 a gaming license in any jurisdiction;

33 (2) The check is identifiable in a manner approved by the
34 commission as a check issued for a purpose listed in paragraph (1) of
35 this subsection;

36 (3) The check is dated, but not postdated;

37 (4) The check is presented to the cashier or the cashier's
38 representative by the original payee and its validity is verified by the
39 drawer in the case of a check drawn pursuant to subparagraph (a) of
40 paragraph (1) of this subsection, or the check is verified in accordance
41 with regulations promulgated by the commission in the case of a check
42 issued pursuant to subparagraph (b), (c), (d) or (e) of paragraph (1) of
43 this subsection; and

44 (5) The regulations concerning check cashing procedures are
45 observed by the casino licensee and its employees and agents.

46 No casino licensee shall issue a check for the purpose of making a
47 loan or otherwise providing or allowing any advance or credit to a

1 person to enable the person to take part in gaming or simulcast
2 wagering activity as a player.

3 h. Notwithstanding the provisions of subsection b. and subsection
4 c. of this section to the contrary, a casino licensee may, at a location
5 outside the casino, accept a personal check or checks from a person
6 for up to \$5,000 in exchange for cash or cash equivalents, and may, at
7 such locations within the casino or casino simulcasting facility as may
8 be permitted by the commission, accept a personal check or checks for
9 up to \$5,000 in exchange for cash, cash equivalents, tokens, chips, or
10 plaques to enable the person to take part in gaming or simulcast
11 wagering activity as a player, provided that:

12 (a) The check is drawn on the patron's bank or brokerage cash
13 management account;

14 (b) The check is for a specific amount;

15 (c) The check is made payable to the casino licensee;

16 (d) The check is dated but not post-dated;

17 (e) The patron's identity is established by examination of one of the
18 following: valid credit card, driver's license, passport, or other form
19 of identification credential which contains, at a minimum, the patron's
20 signature;

21 (f) The check is restrictively endorsed "For Deposit Only" to the
22 casino licensee's bank account and deposited on the next banking day
23 following the date of the transaction;

24 (g) The total amount of personal checks accepted by any one
25 licensee pursuant to this subsection that are outstanding at any time,
26 including the current check being submitted, does not exceed \$5,000;

27 (h) The casino licensee has an approved system of internal controls
28 in place that will enable it to determine the amount of outstanding
29 personal checks received from any patron pursuant to this subsection
30 at any given point in time; and

31 (i) The casino licensee maintains a record of each such transaction
32 in accordance with regulations established by the commission.

33 i. Checks cashed pursuant to the provisions of subsection h. of this
34 section which are subsequently uncollectible may not be deducted from
35 the total of all sums received in calculating gross revenue pursuant to
36 section 24 of P.L.1977, c.110 (C.5:12-24).

37 j. A person may request the commission to put that person's name
38 on a list of persons to whom the extension of credit by a casino as
39 provided in this section would be prohibited by submitting to the
40 commission the person's name, address, and date of birth. The person
41 does not need to provide a reason for this request. The commission
42 shall provide this list to the credit department of each casino; neither
43 the commission nor the credit department of a casino shall divulge the
44 names on this list to any person or entity other than those provided for
45 in this subsection. If such a person wishes to have that person's name
46 removed from the list, the person shall submit this request to the
47 commission, which shall so inform the credit departments of casinos

1 no later than three days after the submission of the request.

2 [k. Notwithstanding the provisions of paragraph (4) of subsection
3 b. of this section to the contrary, a casino licensee may, prior to the
4 completion of the verifications that are otherwise required by the rules
5 of the commission for a casino licensee to issue credit, accept a check
6 from a person to enable such person to take part in gaming or
7 simulcast wagering as a player, or may give cash or cash equivalents
8 in exchange for such check, provided that:

9 (1) the casino licensee records in the credit file of the person:

10 (a) the efforts that were made to complete the required
11 verifications and the reasons why the verifications could not be
12 completed; and

13 (b) a description of the criteria that were relied upon in
14 determining to issue credit to the person prior to the completion of the
15 required verifications;

16 (2) the check otherwise complies with the requirements of
17 subsection b. of this section and is processed by the casino licensee in
18 accordance with all other provisions of this section and the regulations
19 of the commission; and

20 (3) any check accepted by a casino licensee pursuant to the
21 provisions of this subsection:

22 (a) is clearly marked as such in a manner approved by the
23 commission; and

24 (b) may not be deducted from the total of all sums received in
25 calculating gross revenue pursuant to section 24 of P.L.1977, c.110
26 (C.5:12-24), even if such check should subsequently prove
27 uncollectible or the casino licensee completes all of the required
28 verifications prior to its deposit or presentment.]

29 (P.L.2002, c.65, s.23)

30

31 9. Section 3 of P.L.2003, c.116 (C.5:12-148.1) is amended to read
32 as follows:

33 3. a. There is imposed on each casino licensee a tax on the value
34 of rooms, food, beverages, or entertainment provided at no cost or at
35 a reduced price, as required to be reported to the Casino Control
36 Commission pursuant to section 102 of P.L.1977, c.110 (C.5:12-102),
37 which tax shall be computed as follows:

38 (1) if rooms, food, beverages or entertainment are provided at no
39 cost, the tax shall be at a rate of 4.25% on the value of rooms, food,
40 beverages and entertainment;

41 (2) if rooms, food, beverages or entertainment are provided at
42 reduced cost, the tax shall be at a rate of 4.25% on the value, which
43 taxable value shall be reduced by any consideration paid by the person
44 to whom the rooms, food, beverages or entertainment are provided;
45 provided however, that the imposition of the excise tax as provided in
46 this section is in addition to any tax due under the "Sales and Use Tax
47 Act," P.L.1966, c.30 (C.54:32B-1 et seq.), on the receipts from the

1 sale of food and beverages, or from amounts paid as a charge for
2 entertainment, or the rents for occupancy of hotel rooms, at reduced
3 cost;

4 (3) no excise tax shall be imposed on the value of any service or
5 property upon which a sales or use tax has been paid by a casino
6 licensee;

7 (4) for the purpose of computing the tax, the value of a room
8 complimentary shall be \$67, provided that the commission shall review
9 the room value within 90 days of the effective date of this act, and
10 shall adjust the statutory room value to a rate that, along with the tax
11 imposed pursuant to this section on food, beverages and
12 entertainment, is sufficient to generate \$26 million in State fiscal year
13 2004, and the commission's review and adjustment shall take into
14 account tax paid under this section by a casino licensee commencing
15 operations in calendar year 2003 in determining whether the adjusted
16 statutory room value would generate \$26 million in State fiscal year
17 2004, and in addition, the commission shall establish an inflation factor
18 for the room value and the amount raised in [each] State fiscal [year]
19 years 2005 and 2006 by the tax imposed pursuant to this section;

20 (5) for the purpose of computing the tax, the value of food,
21 beverages and entertainment complementaries shall be determined
22 pursuant to section 2 of P.L.1983, c.41 (C.5:12-14a), provided that
23 the value of a beverage complimentary served in a casino room shall
24 be the cost to the casino licensee of providing the beverage; and

25 (6) for each casino licensee, the amount of tax imposed in State
26 fiscal years 2004, 2005 and 2006 by this section shall not be less than
27 the tax that the licensee would have paid if the tax had been in effect
28 for calendar year 2002.

29 (7) Notwithstanding the forgoing, the rate of the tax imposed
30 pursuant to this section shall be 3.25% in State fiscal year 2007,
31 2.25% in State fiscal year 2008, and 1.25% in State fiscal year 2009,
32 and the tax shall expire on June 30, 2009.

33 b. Each casino licensee shall file a return, on a form as prescribed
34 by the Director of the Division of Taxation in the Department of the
35 Treasury, and pay the amount of tax due pursuant to this section in the
36 manner and at a frequency as the Director of the Division of Taxation
37 prescribes, but no more frequently than monthly. In prescribing the
38 periods to be covered by the return or intervals or classifications for
39 payment of tax liability, the Director of the Division of Taxation may
40 take into account the dollar volume of tax involved, as well as the
41 need for ensuring the prompt and orderly collection of the tax
42 imposed.

43 c. The Director of the Division of Taxation in the Department of
44 the Treasury shall collect and administer the tax imposed pursuant to
45 this section. In carrying out the provisions of this section, the Director
46 of the Division of Taxation shall have all of the powers and authority
47 granted in P.L.1966, c.30 (C.54:32B-1 et seq.). The Director of the

1 Division of Taxation shall determine and certify to the State Treasurer
2 on at least a quarterly basis the amount of tax collected pursuant to
3 this section. The Director of the Division of Taxation may promulgate
4 such rules and regulations as the director determines are necessary to
5 effectuate the provisions of this act.

6 d. The tax imposed by this section shall be governed in all respects
7 by the provisions of the "State Uniform Tax Procedure Law,"
8 R.S.54:48-1 et seq, except only to the extent that a specific provision
9 of this section may be in conflict therewith.

10 e. The tax imposed by this section, and any interest or penalties
11 collected by the Director of the Division of Taxation relating to that
12 tax, shall be deposited into the Casino Revenue Fund established
13 pursuant to section 145 of P.L.1977, c.110 (C.5:12-145).

14 (cf: P.L.2003, c.116, s.3)

15

16 10. This act shall take effect immediately.

17

18

19

STATEMENT

20

21 This bill provides for the phased elimination of the 4.25% tax
22 imposed on casino complementaries and makes other changes to the
23 Casino Control Act concerning agreements between casino licensees
24 and gaming-related casino service industry licensees with regard to the
25 operation and administration of multi-casino progressive slot machines
26 and the payment of the jackpots, including annuity jackpots. The bill
27 also eliminates a provision that allows casino licensees to accept
28 checks from patrons, in certain circumstances, without performing
29 certain verifications.

30 Regarding the phased elimination of the casino complementaries
31 tax, the bill provides the tax rate will 3.25% in FY 2007, 2.25% in FY
32 2008, 1.25% in FY 2009, and will expire on June 30, 2009.

33 Regarding the multi-casino progressive slot machine agreements,
34 under current law, casino licensees provide for the operation and
35 administration of multi-casino progressive slot machines and payment
36 of jackpots through the establishment of a trust. In the case of annuity
37 jackpots, in particular, by way of the trust the casino licensees ensure
38 the future annuity payments regardless of the casino licensees' financial
39 condition. Before the enactment of P.L.2003, c.116 in June 2003,
40 only the casino licensees could provide for the payment of these
41 jackpots and the operation and administration of multi-casino
42 progressive slot machines, whether by trust or some other
43 arrangement. P.L.2003, c.116 provided in part that a gaming-related
44 casino service industry licensee could fulfill this role pursuant to an
45 agreement with the casino licensees.

46 However, notwithstanding such an agreement between the casino
47 licensees and the casino service industry licensee, current law provides

1 that the casino licensees would be jointly and severally liable for all
2 acts, omissions and violations of the Casino Control Act committed by
3 the casino service industry licensee in its role as the operator and
4 administrator of the multi-casino progressive slot machines and the
5 entity responsible for making the jackpot payments. The liability issue
6 has prevented the casino licensees and a casino service industry
7 licensee from reaching an agreement regarding multi-casino
8 progressive slot machines.

9 This bill clarifies the scope of an agreement between a casino
10 licensee and a casino service industry licensee with regard to a multi-
11 casino progressive slot machine system, and provides that with regard
12 to such agreements, casino licensees are not jointly and severally liable
13 for the actions, omissions and violations of the casino service industry
14 licensee.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3120

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 23, 2004

The Assembly Budget Committee reports favorably and with committee amendments Assembly Bill No. 3120.

This bill, as amended by the committee, provides for the phased elimination of the 4.25% tax imposed on casino complimentaries tax; transfers responsibility for administering the complementaries tax, the casino adjusted net income tax, the multi-casino progressive slot machine tax, the casino parking fee and the \$3 casino hotel occupancy fee from the Division of Taxation to the Casino Control Commission; and eliminates a provision that allows casino licensees to accept checks from patrons, in certain circumstances, without performing certain verifications.

Regarding the phased elimination of the casino complementaries tax, the amended bill requires the tax to generate \$26 million annually in State fiscal years 2004 through 2006, \$19.5 million in State fiscal year 2007, \$13 million in State fiscal year 2008, and \$6.5 million in State fiscal year 2009. The tax would expire on June 30, 2009. In any year in which the amount of tax collected, given the progressively reduced rates set in the bill, is more or less than the amount required to be collected, the difference will be rebated or assessed, as appropriate, to the casinos.

FISCAL IMPACT:

The bill, as amended, eliminates by June 30, 2009 the tax imposed on casino complimentaries. Under current law, that tax is estimated to generate \$26 million for deposit into the Casino Revenue Fund in State fiscal year 2004, and features an inflation factor in order to generate larger amounts in subsequent fiscal years.

COMMITTEE AMENDMENTS:

The committee amendments deleted provisions that concerned agreements between casino licensees and gaming-related casino service industry licensees with regard to the operation and administration of multi-casino progressive slot machines and the payment of the jackpots, including annuity jackpots.

The other provisions of the amendments:

transfer responsibility for administering the complimentaries tax, the casino adjusted net income tax, the multi-casino progressive slot machine tax, the casino parking fee and the \$3 casino hotel occupancy fee from the Division of Taxation to the Casino Control Commission;

provide for the phased elimination of the casino complimentaries tax by requiring the tax to generate \$26 million annually in State fiscal years 2004 through 2006, \$19.5 million in State fiscal year 2007, \$13 million in State fiscal year 2008, and \$6.5 million in State fiscal year 2009;

require the complimentaries tax to expire on June 30, 2009; and,
require rebates or assessments to be made in those years in which the amount of such tax collected, given the rates set in the bill, is more or less than the amount required to be collected.

SENATE, No. 1661

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED JUNE 7, 2004

Sponsored by:

Senator RICHARD J. CODEY

District 27 (Essex)

Senator WILLIAM L. GORMLEY

District 2 (Atlantic)

SYNOPSIS

Concerns regulation of certain agreements between casino and casino service industry licensees and provides for phased elimination of tax on casino complementaries.

CURRENT VERSION OF TEXT

As introduced.



S1661 CODEY, GORMLEY

2

1 AN ACT concerning the regulation and taxation of the casino industry,
2 amending P.L.1995, c.18 and P.L.2003, c.116 and amending and
3 supplementing P.L.1977, c.110 (C.5:12-1 et seq.).
4

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

8 1. (New section) "Annuity jackpot" - A slot machine jackpot
9 offered by a casino licensee or multi-casino progressive slot machine
10 system pursuant to which a patron wins the right to receive fixed cash
11 payments at specified intervals in the future.
12

13 2. Section 3 of P.L.1995, c.18 (C.5:12-2.2) is amended to read as
14 follows:

15 3. "Annuity jackpot **[trust] guarantee**"-- A **[trust that is formed by**
16 **one or more casino licensees,] financial arrangement established in**
17 **accordance with the rules [established by] of the commission[,]** to
18 assure that all payments that are due to the winner of **[a slot machine]**
19 **an annuity jackpot [that is to be paid in installments at specified**
20 **intervals in the future] are actually paid when due regardless of the**
21 **future financial stability of the slot system operator that is responsible**
22 **for making such payments.**

23 (cf: P.L. 1995, c.18, s.3)
24

25 3. (New section) "Multi-casino progressive slot machine system"
26 "Multi-casino progressive slot machine system"- A slot machine
27 gaming system approved by the commission pursuant to which a
28 common progressive slot machine jackpot is offered on slot machines
29 that are interconnected in more than one casino hotel facility.
30

31 4. (New section) "Slot system agreement"

32 "Slot system agreement" - A written agreement governing the
33 operation and administration of a multi-casino progressive slot
34 machine system that is approved by the commission and executed by
35 the participating casino licensees and any slot system operator.
36

37 5. (New section) "Slot system operator"

38 "Slot system operator" - Any person designated in a slot system
39 agreement as being responsible for the operation and administration of
40 a multi-casino progressive slot machine system, including a casino
41 licensee, a group of casino licensees acting jointly or a casino service
42 industry licensed pursuant to subsection a. of section 92 of P.L.1977,

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 c.110 (C.5:12-92), or an eligible applicant for such license.

2

3 6. Section 82 of P.L.1977, c.110 (C.5:12-82) is amended to read
4 as follows:

5 82. a. No casino shall operate unless all necessary licenses and
6 approvals therefor have been obtained in accordance with law.

7 b. Only the following persons shall be eligible to hold a casino
8 license; and, unless otherwise determined by the commission with the
9 concurrence of the Attorney General which may not be unreasonably
10 withheld in accordance with subsection c. of this section, each of the
11 following persons shall be required to hold a casino license prior to the
12 operation of a casino in the casino hotel with respect to which the
13 casino license has been applied for:

14 (1) Any person who either owns an approved casino hotel or owns
15 or has a contract to purchase or construct a casino hotel which in the
16 judgment of the commission can become an approved casino hotel
17 within 30 months or within such additional time period as the
18 commission may, upon a showing of good cause therefor, establish;

19 (2) Any person who, whether as lessor or lessee, either leases an
20 approved casino hotel or leases or has an agreement to lease a casino
21 hotel which in the judgment of the commission can become an
22 approved casino hotel within 30 months or within such additional time
23 period as the commission may, upon a showing of good cause
24 therefor, establish;

25 (3) Any person who has a written agreement with a casino licensee
26 or with an eligible applicant for a casino license for the complete
27 management of a casino and, if applicable, any authorized games in a
28 casino simulcasting facility; and

29 (4) Any other person who has control over either an approved
30 casino hotel or the land thereunder or the operation of a casino.

31 c. Prior to the operation of a casino and, if applicable, a casino
32 simulcasting facility, every agreement to lease an approved casino
33 hotel or the land thereunder and every agreement for the management
34 of the casino and, if applicable, any authorized games in a casino
35 simulcasting facility, shall be in writing and filed with the commission.
36 No such agreement shall be effective unless expressly approved by the
37 commission. The commission may require that any such agreement
38 include within its terms any provision reasonably necessary to best
39 accomplish the policies of this act. Consistent with the policies of this
40 act:

41 (1) The commission, with the concurrence of the Attorney General
42 which may not be unreasonably withheld, may determine that any
43 person who does not have the ability to exercise any significant control
44 over either the approved casino hotel or the operation of the casino
45 contained therein shall not be eligible to hold or required to hold a
46 casino license;

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1 (2) The commission, with the concurrence of the Attorney General
2 which may not be unreasonably withheld, may determine that any
3 owner, lessor or lessee of an approved casino hotel or the land
4 thereunder who does not own or lease the entire approved casino hotel
5 shall not be eligible to hold or required to hold a casino license;

6 (3) The commission shall require that any person or persons
7 eligible to apply for a casino license organize itself or themselves into
8 such form or forms of business association as the commission shall
9 deem necessary or desirable in the circumstances to carry out the
10 policies of this act;

11 (4) The commission may issue separate casino licenses to any
12 persons eligible to apply therefor;

13 (5) As to agreements to lease an approved casino hotel or the land
14 thereunder, unless it expressly and by formal vote for good cause
15 determines otherwise, the commission shall require that each party
16 thereto hold either a casino license or casino service industry license
17 and that such an agreement be for a durational term exceeding 30
18 years, concern 100% of the entire approved casino hotel or of the land
19 upon which same is located, and include within its terms a buy-out
20 provision conferring upon the casino licensee-lessee who controls the
21 operation of the approved casino hotel the absolute right to purchase
22 for an expressly set forth fixed sum the entire interest of the lessor or
23 any person associated with the lessor in the approved casino hotel or
24 the land thereunder in the event that said lessor or said person
25 associated with the lessor is found by the commission to be unsuitable
26 to be associated with a casino enterprise;

27 (6) The commission shall not permit an agreement for the leasing
28 of an approved casino hotel or the land thereunder to provide for the
29 payment of an interest, percentage or share of money gambled at the
30 casino or derived from casino gaming activity or of revenues or profits
31 of the casino unless the party receiving payment of such interest,
32 percentage or share is a party to the approved lease agreement; unless
33 each party to the lease agreement holds either a casino license or
34 casino service industry license and unless the agreement is for a
35 durational term exceeding 30 years, concerns a significant portion of
36 the entire approved casino hotel or of the land upon which same is
37 located, and includes within its terms a buy-out provision conforming
38 to that described in paragraph (5) above;

39 (7) As to agreements for the management of a casino and, if
40 applicable, the authorized games in a casino simulcasting facility, the
41 commission shall require that each party thereto hold a casino license,
42 that the party thereto who is to manage the casino gaming operations
43 own at least 10% of all outstanding equity securities of any casino
44 licensee or of any eligible applicant for a casino license if the said
45 licensee or applicant is a corporation and the ownership of an
46 equivalent interest in any casino licensee or in any eligible applicant for

1 a casino license if same is not a corporation, and that such an
2 agreement be for the complete management of all casino space in the
3 casino hotel and, if applicable, all authorized games in a casino
4 simulcasting facility, provide for the sole and unrestricted power to
5 direct the casino gaming operations of the casino hotel which is the
6 subject of the agreement, and be for such a durational term as to
7 assure reasonable continuity, stability and independence in the
8 management of the casino gaming operations, provided that the
9 provisions of this paragraph shall not apply to [agreements relating to
10 the operation of a multi-casino progressive slot machine system] a slot
11 system agreement between a group of casino licensees and a casino
12 service industry licensed pursuant to subsection a. of section 92 of
13 P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license,
14 and that, with regard to such agreements, the casino service industry
15 licensee or applicant may operate and administer the multi-casino
16 progressive slot machine system, including, but not limited to, the
17 operation of a monitor room [and] or the payment of [the]
18 progressive jackpots [from a fund of contributions from participating
19 casino licensees, provided that the consideration charged to the casino
20 licensees for the operation and administration of the monitor room
21 shall not exceed the actual direct costs of operating and administering
22 the monitor room], including annuity jackpots, and further provided
23 that the obligation to pay a progressive jackpot or establish an annuity
24 jackpot guarantee shall be the sole responsibility of the casino licensee
25 or casino service industry licensee or applicant designated in the slot
26 system agreement and that no other party shall be jointly or severally
27 liable for the payment or funding of such jackpots or guarantees unless
28 such liability is specifically established in the slot system agreement;

29 (8) The commission may permit an agreement for the management
30 of a casino and, if applicable, the authorized games in a casino
31 simulcasting facility to provide for the payment to the managing party
32 of an interest, percentage or share of money gambled at all authorized
33 games or derived from casino gaming activity or of revenues or profits
34 of casino gaming operations;

35 (9) Notwithstanding any other provision of P.L.1977, c.110
36 (C.5:12-1 et seq.) to the contrary, the commission may permit an
37 agreement between a casino licensee and a casino service industry
38 licensed pursuant to the provisions of subsection a. of section 92 of
39 P.L.1977, c.110 (C.5:12-92) for the conduct of casino simulcasting in
40 a simulcasting facility or for the operation of a multi-casino
41 progressive slot machine system, to provide for the payment to the
42 casino service industry of an interest, percentage or share of the
43 money derived from the casino licensee's share of proceeds from
44 simulcast wagering activity or the operation of a multi-casino
45 progressive slot machine system; and

46 (10) As to agreements to lease an approved casino hotel or the

1 land thereunder, agreements to jointly own an approved casino hotel
2 or the land thereunder and agreements for the management of casino
3 gaming operations or for the conduct of casino simulcasting in a
4 simulcasting facility, the commission shall require that each party
5 thereto, except for a banking or other chartered or licensed lending
6 institution or any subsidiary thereof, or any chartered or licensed life
7 insurance company or property and casualty insurance company, or the
8 State of New Jersey or any political subdivision thereof or any agency
9 or instrumentality of the State or any political subdivision thereof,
10 shall be jointly and severally liable for all acts, omissions and violations
11 of this act by any party thereto regardless of actual knowledge of such
12 act, omission or violation and notwithstanding any provision in such
13 agreement to the contrary. Notwithstanding the foregoing, nothing in
14 this paragraph shall require a casino licensee to be jointly and severally
15 liable for any acts, omissions or violations of this act, P.L.1977, c.110
16 (C.5:12-1 et seq.), committed by any casino service industry licensee
17 or applicant performing as a slot system operator pursuant to a slot
18 system agreement.

19 d. No corporation shall be eligible to apply for a casino license
20 unless:

21 (1) The corporation shall be incorporated in the State of New
22 Jersey, although such corporation may be a wholly or partially owned
23 subsidiary of a corporation which is organized pursuant to the laws of
24 another state of the United States or of a foreign country;

25 (2) The corporation shall maintain an office of the corporation in
26 the casino hotel licensed or to be licensed;

27 (3) The corporation shall comply with all the requirements of the
28 laws of the State of New Jersey pertaining to corporations;

29 (4) The corporation shall maintain a ledger in the principal office
30 of the corporation in New Jersey which shall at all times reflect the
31 current ownership of every class of security issued by the corporation
32 and shall be available for inspection by the commission or the division
33 and authorized agents of the commission and the division at all
34 reasonable times without notice;

35 (5) The corporation shall maintain all operating accounts required
36 by the commission in a bank in New Jersey, except that a casino
37 licensee may establish deposit-only accounts in any jurisdiction in
38 order to obtain payment of any check described in section 101 of
39 P.L.1977, c.110 (C.5:12-101);

40 (6) The corporation shall include among the purposes stated in its
41 certificate of incorporation the conduct of casino gaming and provide
42 that the certificate of incorporation includes all provisions required by
43 this act;

44 (7) The corporation, if it is not a publicly traded corporation, shall
45 file with the commission such adopted corporate charter provisions as
46 may be necessary to establish the right of prior approval by the

1 commission with regard to transfers of securities, shares, and other
2 interests in the applicant corporation; and, if it is a publicly traded
3 corporation, provide in its corporate charter that any securities of such
4 corporation are held subject to the condition that if a holder thereof is
5 found to be disqualified by the commission pursuant to the provisions
6 of this act, such holder shall dispose of his interest in the corporation;
7 provided, however, that, notwithstanding the provisions of
8 N.J.S.14A:7-12 and N.J.S.12A:8-101 et seq., nothing herein shall be
9 deemed to require that any security of such corporation bear any
10 legend to this effect;

11 (8) The corporation, if it is not a publicly traded corporation, shall
12 establish to the satisfaction of the commission that appropriate charter
13 provisions create the absolute right of such non-publicly traded
14 corporations and companies to repurchase at the market price or the
15 purchase price, whichever is the lesser, any security, share or other
16 interest in the corporation in the event that the commission
17 disapproves a transfer in accordance with the provisions of this act;

18 (9) Any publicly traded holding, intermediary, or subsidiary
19 company of the corporation, whether the corporation is publicly traded
20 or not, shall contain in its corporate charter the same provisions
21 required under paragraph (7) for a publicly traded corporation to be
22 eligible to apply for a casino license; and

23 (10) Any non-publicly traded holding, intermediary or subsidiary
24 company of the corporation, whether the corporation is publicly traded
25 or not, shall establish to the satisfaction of the commission that its
26 charter provisions are the same as those required under paragraphs (7)
27 and (8) for a non-publicly traded corporation to be eligible to apply for
28 a casino license.

29 Notwithstanding the foregoing, any corporation or company which
30 had bylaw provisions approved by the commission prior to the
31 effective date of this 1987 amendatory act shall have one year from the
32 effective date of this 1987 amendatory act to adopt appropriate charter
33 provisions in accordance with the requirements of this subsection.

34 The provisions of this subsection shall apply with the same force
35 and effect with regard to casino license applicants and casino licensees
36 which have a legal existence that is other than corporate to the extent
37 which is appropriate.

38 e. No person shall be issued or be the holder of a casino license if
39 the issuance or the holding results in undue economic concentration in
40 Atlantic City casino operations by that person. The commission shall,
41 after conducting public hearings thereon, promulgate rules and
42 regulations in accordance with the "Administrative Procedure Act,"
43 P.L.1968, c.410 (C.52:14B-1 et seq.) defining the criteria the
44 commission will use in determining what constitutes undue economic
45 concentration. For the purpose of this subsection a person shall be
46 considered the holder of a casino license if such license is issued to

1 such person or if such license is held by any holding, intermediary or
2 subsidiary company thereof, or by any officer, director, casino key
3 employee or principal employee of such person, or of any holding,
4 intermediary or subsidiary company thereof.

5 (cf: P.L.2003, c.116, s.1)

6
7 7. Section 100 of P.L.1977, c.110 (C.5:12-100) is amended to read
8 as follows:

9 100. a. This act shall not be construed to permit any gaming
10 except the conduct of authorized games in a casino room in
11 accordance with this act and the regulations promulgated hereunder
12 and in a simulcasting facility to the extent provided by the "Casino
13 Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.).
14 Notwithstanding the foregoing, if the commission approves the game
15 of keno as an authorized game pursuant to section 5 of P.L.1977,
16 c.110 (C.5:12-5), as amended, keno tickets may be sold or redeemed
17 in accordance with commission regulations at any location in a casino
18 hotel approved by the commission for such activity.

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

38 Notwithstanding any other provision of this section, equipment
39 which supports a multi-casino progressive slot system and links and
40 interconnects slot machines of two or more casino licensees but is
41 inaccessible to patrons, such as computers, may, with the approval of
42 the commission, be possessed, maintained and operated by a casino
43 licensee either in a restricted area on the premises of a casino hotel or
44 in a secure facility specifically designed for that purpose off the
45 premises of a casino hotel but within the city limits of the City of
46 Atlantic City.

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

6 c. Each casino hotel shall contain a count room and such other
7 secure facilities as may be required by the commission for the counting
8 and storage of cash, coins, tokens and checks received in the conduct
9 of gaming and for the inspection, counting and storage of dice, cards,
10 chips and other representatives of value. All drop boxes and other
11 devices wherein cash, coins, or tokens are deposited at the gaming
12 tables or in slot machines, and all areas wherein such boxes and
13 devices are kept while in use, shall be equipped with two locking
14 devices, one key to which shall be under the exclusive control of the
15 commission and the other under the exclusive control of the casino
16 licensee, and said drop boxes and other devices shall not be brought
17 into or removed from a casino room or simulcasting facility, or locked
18 or unlocked, except at such times, in such places, and according to
19 such procedures as the commission may require.

20 d. All chips used in gaming shall be of such size and uniform color
21 by denomination as the commission shall require by regulation.

22 e. All gaming shall be conducted according to rules promulgated
23 by the commission. All wagers and pay-offs of winning wagers shall
24 be made according to rules promulgated by the commission, which
25 shall establish such limitations as may be necessary to assure the
26 vitality of casino operations and fair odds to patrons. Each slot
27 machine shall have a minimum payout of 83%.

28 f. Each casino licensee shall make available in printed form to any
29 patron upon request the complete text of the rules of the commission
30 regarding games and the conduct of gaming, pay-offs of winning
31 wagers, an approximation of the odds of winning for each wager, and
32 such other advice to the player as the commission shall require. Each
33 casino licensee shall prominently post within a casino room and
34 simulcasting facility, as appropriate, according to regulations of the
35 commission such information about gaming rules, pay-offs of winning
36 wagers, the odds of winning for each wager, and such other advice to
37 the player as the commission shall require.

38 g. Each gaming table shall be equipped with a sign indicating the
39 permissible minimum and maximum wagers pertaining thereto. It shall
40 be unlawful for a casino licensee to require any wager to be greater
41 than the stated minimum or less than the stated maximum; provided,
42 however, that any wager actually made by a patron and not rejected by
43 a casino licensee prior to the commencement of play shall be treated
44 as a valid wager.

45 h. (1) No slot machine shall be used to conduct gaming unless it
46 is identical in all electrical, mechanical and other aspects to a model

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

16 (2) The commission shall, by regulation, determine the permissible
17 number and density of slot machines in a licensed casino so as to:

18 (a) promote optimum security for casino operations;

19 (b) avoid deception or frequent distraction to players at gaming
20 tables;

21 (c) promote the comfort of patrons;

22 (d) create and maintain a gracious playing environment in the
23 casino; and

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

26 Any such regulation promulgated by the commission which
27 determines the permissible number and density of slot machines in a
28 licensed casino shall provide that all casino floor space and all space
29 within a casino licensee's casino simulcasting facility shall be included
30 in any calculation of the permissible number and density of slot
31 machines in a licensed casino.

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

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

34 k. It shall be unlawful for any person to exchange or redeem chips
35 for anything whatsoever, except for currency, negotiable personal
36 checks, negotiable counter checks, other chips, coupons or
37 complimentary vouchers distributed by the casino licensee, or, if
38 authorized by regulation of the commission, a valid charge to a credit
39 or debit card account. A casino licensee shall, upon the request of any
40 person, redeem that licensee's gaming chips surrendered by that person
41 in any amount over \$100 with a check drawn upon the licensee's
42 account at any banking institution in this State and made payable to
43 that person.

44 l. It shall be unlawful for any casino licensee or its agents or
45 employees to employ, contract with, or use any shill or barker to
46 induce any person to enter a casino or simulcasting facility or play at

1 any game or for any purpose whatsoever.

2 m. It shall be unlawful for a dealer in any authorized game in which
3 cards are dealt to deal cards by hand or other than from a device
4 specifically designed for that purpose, unless otherwise permitted by
5 the rules of the commission.

6 n. It shall be unlawful for any casino key employee or any person
7 who is required to hold a casino key employee license as a condition
8 of employment or qualification to wager in any casino or simulcasting
9 facility in this State, or any casino employee, other than a junket
10 representative, bartender, waiter, waitress, or other casino employee
11 who, in the judgment of the commission, is not directly involved with
12 the conduct of gaming operations, to wager in a casino or simulcasting
13 facility in the casino hotel in which the employee is employed or in any
14 other casino or simulcasting facility in this State which is owned or
15 operated by the same casino licensee. Any casino employee, other
16 than a junket representative, bartender, waiter, waitress, or other
17 casino employee who, in the judgment of the commission, is not
18 directly involved with the conduct of gaming operations, must wait at
19 least 30 days following the date that the employee either leaves
20 employment with a casino licensee or is terminated from employment
21 with a casino licensee before the employee may gamble in a casino or
22 simulcasting facility in the casino hotel in which the employee was
23 formerly employed or in any other casino or simulcasting facility in this
24 State which is owned or operated by the same casino licensee.

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

30 (2) A dealer may accept tips or gratuities from a patron at the table
31 at which such dealer is conducting play, subject to the provisions of
32 this subsection. All such tips or gratuities shall be immediately
33 deposited in a lockbox reserved for that purpose, accounted for, and
34 placed in a pool for distribution pro rata among the dealers, with the
35 distribution based upon the number of hours each dealer has worked,
36 except that the commission may permit a separate pool to be
37 established for dealers in the game of poker, or may permit tips or
38 gratuities to be retained by individual dealers in the game of poker.

39 p. Any slot system operator that offers an annuity jackpot shall
40 secure the payment of such jackpot by establishing an annuity jackpot
41 guarantee in accordance with the requirements of this act, P.L.1977,
42 c.110 (C.5:12-1 et seq.), and the rules of the commission.
43 (cf: P.L.2002, c.65, s.22)

44

45 8. Section 101 of P.L.1977, c.110 (C.5:12-101) is amended to read
46 as follows:

1 a. Except as otherwise provided in this section, no casino licensee
2 or any person licensed under this act, and no person acting on behalf
3 of or under any arrangement with a casino licensee or other person
4 licensed under this act, shall:

5 (1) Cash any check, make any loan, or otherwise provide or allow
6 to any person any credit or advance of anything of value or which
7 represents value to enable any person to take part in gaming or
8 simulcast wagering activity as a player; or

9 (2) Release or discharge any debt, either in whole or in part, or
10 make any loan which represents any losses incurred by any player in
11 gaming or simulcast wagering activity, without maintaining a written
12 record thereof in accordance with the rules of the commission.

13 b. No casino licensee or any person licensed under this act, and no
14 person acting on behalf of or under any arrangement with a casino
15 licensee or other person licensed under this act, may accept a check,
16 other than a recognized traveler's check or other cash equivalent from
17 any person to enable such person to take part in gaming or simulcast
18 wagering activity as a player, or may give cash or cash equivalents in
19 exchange for such check unless:

20 (1) The check is made payable to the casino licensee;

21 (2) The check is dated, but not postdated;

22 (3) The check is presented to the cashier or the cashier's
23 representative at a location in the casino approved by the commission
24 and is exchanged for cash or slot tokens which total an amount equal
25 to the amount for which the check is drawn, or the check is presented
26 to the cashier's representative at a gaming table in exchange for chips
27 which total an amount equal to the amount for which the check is
28 drawn; and

29 (4) The regulations concerning check cashing procedures are
30 observed by the casino licensee and its employees and agents.

31 Nothing in this subsection shall be deemed to preclude the
32 establishment of an account by any person with a casino licensee by a
33 deposit of cash, recognized traveler's check or other cash equivalent,
34 or a check which meets the requirements of subsection g. of this
35 section, or to preclude the withdrawal, either in whole or in part, of
36 any amount contained in such account.

37 c. When a casino licensee or other person licensed under this act,
38 or any person acting on behalf of or under any arrangement with a
39 casino licensee or other person licensed under this act, cashes a check
40 in conformity with the requirements of subsection b. of this section,
41 the casino licensee shall cause the deposit of such check in a bank for
42 collection or payment, or shall require an attorney or casino key
43 employee with no incompatible functions to present such check to the
44 drawer's bank for payment, within (1) seven calendar days of the date
45 of the transaction for a check in an amount of \$1,000.00 or less; (2)
46 14 calendar days of the date of the transaction for a check in an

1 amount greater than \$1,000.00 but less than or equal to \$5,000.00; or
2 (3) 45 calendar days of the date of the transaction for a check in an
3 amount greater than \$5,000.00. Notwithstanding the foregoing, the
4 drawer of the check may redeem the check by exchanging cash, cash
5 equivalents, chips, or a check which meets the requirements of
6 subsection g. of this section in an amount equal to the amount for
7 which the check is drawn; or he may redeem the check in part by
8 exchanging cash, cash equivalents, chips, or a check which meets the
9 requirements of subsection g. of this section and another check which
10 meets the requirements of subsection b. of this section for the
11 difference between the original check and the cash, cash equivalents,
12 chips, or check tendered; or he may issue one check which meets the
13 requirements of subsection b. of this section in an amount sufficient to
14 redeem two or more checks drawn to the order of the casino licensee.
15 If there has been a partial redemption or a consolidation in conformity
16 with the provisions of this subsection, the newly issued check shall be
17 delivered to a bank for collection or payment or presented to the
18 drawer's bank for payment by an attorney or casino key employee with
19 no incompatible functions within the period herein specified. No casino
20 licensee or any person licensed under this act, and no person acting on
21 behalf of or under any arrangement with a casino licensee or other
22 person licensed under this act, shall accept any check or series of
23 checks in redemption or consolidation of another check or checks in
24 accordance with this subsection for the purpose of avoiding or
25 delaying the deposit of a check in a bank for collection or payment or
26 the presentment of the check to the drawer's bank within the time
27 period prescribed by this subsection.

28 In computing a time period prescribed by this subsection, the last
29 day of the period shall be included unless it is a Saturday, Sunday, or
30 a State or federal holiday, in which event the time period shall run until
31 the next business day.

32 d. No casino licensee or any other person licensed under this act,
33 or any other person acting on behalf of or under any arrangement with
34 a casino licensee or other person licensed under this act, shall transfer,
35 convey, or give, with or without consideration, a check cashed in
36 conformity with the requirements of this section to any person other
37 than:

38 (1) The drawer of the check upon redemption or consolidation in
39 accordance with subsection c. of this section;

40 (2) A bank for collection or payment of the check;

41 (3) A purchaser of the casino license as approved by the
42 commission; or

43 (4) An attorney or casino key employee with no incompatible
44 functions for presentment to the drawer's bank.

45 The limitation on transferability of checks imposed herein shall
46 apply to checks returned by any bank to the casino licensee without

1 full and final payment.

2 e. No person other than one licensed as a casino key employee or
3 as a casino employee may engage in efforts to collect upon checks that
4 have been returned by banks without full and final payment, except
5 that an attorney-at-law representing a casino licensee may bring action
6 for such collection.

7 f. Notwithstanding the provisions of any law to the contrary,
8 checks cashed in conformity with the requirements of this act shall be
9 valid instruments, enforceable at law in the courts of this State. Any
10 check cashed, transferred, conveyed or given in violation of this act
11 shall be invalid and unenforceable for the purposes of collection but
12 shall be included in the calculation of gross revenue pursuant to
13 section 24 of P.L.1977, c.110 (C.5:12-24).

14 g. Notwithstanding the provisions of subsection b. of this section
15 to the contrary, a casino licensee may accept a check from a person to
16 enable the person to take part in gaming or simulcast wagering activity
17 as a player, may give cash or cash equivalents in exchange for such a
18 check, or may accept a check in redemption or partial redemption of
19 a check issued in accordance with subsection b., provided that:

20 (1) (a) The check is drawn by a casino licensee pursuant to the
21 provisions of subsection k. of section 100 of P.L.1977, c.110
22 (C.5:12-100) or upon a withdrawal of funds from an account
23 established in accordance with the provisions of subsection b. of this
24 section or is drawn by a casino licensee as payment for winnings from
25 an authorized game or simulcast wagers;

26 (b) The check is issued by a banking institution which is chartered
27 in a country other than the United States on its account at a federally
28 chartered or state-chartered bank and is made payable to "cash,"
29 "bearer," a casino licensee, or the person presenting the check;

30 (c) The check is issued by a banking institution which is chartered
31 in the United States on its account at another federally chartered or
32 state-chartered bank and is made payable to "cash," "bearer," a casino
33 licensee, or the person presenting the check;

34 (d) The check is issued by [an annuity jackpot trust] a slot system
35 operator or pursuant to an annuity jackpot guarantee as payment for
36 winnings from [an annuity] a multi-casino progressive slot machine
37 system jackpot; or

38 (e) The check is issued by an affiliate of a casino licensee that holds
39 a gaming license in any jurisdiction;

40 (2) The check is identifiable in a manner approved by the
41 commission as a check issued for a purpose listed in paragraph (1) of
42 this subsection;

43 (3) The check is dated, but not postdated;

44 (4) The check is presented to the cashier or the cashier's
45 representative by the original payee and its validity is verified by the
46 drawer in the case of a check drawn pursuant to subparagraph (a) of

1 paragraph (1) of this subsection, or the check is verified in accordance
2 with regulations promulgated by the commission in the case of a check
3 issued pursuant to subparagraph (b), (c), (d) or (e) of paragraph (1) of
4 this subsection; and

5 (5) The regulations concerning check cashing procedures are
6 observed by the casino licensee and its employees and agents.

7 No casino licensee shall issue a check for the purpose of making a
8 loan or otherwise providing or allowing any advance or credit to a
9 person to enable the person to take part in gaming or simulcast
10 wagering activity as a player.

11 h. Notwithstanding the provisions of subsection b. and subsection
12 c. of this section to the contrary, a casino licensee may, at a location
13 outside the casino, accept a personal check or checks from a person
14 for up to \$5,000 in exchange for cash or cash equivalents, and may, at
15 such locations within the casino or casino simulcasting facility as may
16 be permitted by the commission, accept a personal check or checks for
17 up to \$5,000 in exchange for cash, cash equivalents, tokens, chips, or
18 plaques to enable the person to take part in gaming or simulcast
19 wagering activity as a player, provided that:

20 (a) The check is drawn on the patron's bank or brokerage cash
21 management account;

22 (b) The check is for a specific amount;

23 (c) The check is made payable to the casino licensee;

24 (d) The check is dated but not post-dated;

25 (e) The patron's identity is established by examination of one of the
26 following: valid credit card, driver's license, passport, or other form
27 of identification credential which contains, at a minimum, the patron's
28 signature;

29 (f) The check is restrictively endorsed "For Deposit Only" to the
30 casino licensee's bank account and deposited on the next banking day
31 following the date of the transaction;

32 (g) The total amount of personal checks accepted by any one
33 licensee pursuant to this subsection that are outstanding at any time,
34 including the current check being submitted, does not exceed \$5,000;

35 (h) The casino licensee has an approved system of internal controls
36 in place that will enable it to determine the amount of outstanding
37 personal checks received from any patron pursuant to this subsection
38 at any given point in time; and

39 (i) The casino licensee maintains a record of each such transaction
40 in accordance with regulations established by the commission.

41 i. Checks cashed pursuant to the provisions of subsection h. of this
42 section which are subsequently uncollectible may not be deducted from
43 the total of all sums received in calculating gross revenue pursuant to
44 section 24 of P.L.1977, c.110 (C.5:12-24).

45 j. A person may request the commission to put that person's name
46 on a list of persons to whom the extension of credit by a casino as

1 provided in this section would be prohibited by submitting to the
2 commission the person's name, address, and date of birth. The person
3 does not need to provide a reason for this request. The commission
4 shall provide this list to the credit department of each casino; neither
5 the commission nor the credit department of a casino shall divulge the
6 names on this list to any person or entity other than those provided for
7 in this subsection. If such a person wishes to have that person's name
8 removed from the list, the person shall submit this request to the
9 commission, which shall so inform the credit departments of casinos
10 no later than three days after the submission of the request.

11 [k. Notwithstanding the provisions of paragraph (4) of subsection
12 b. of this section to the contrary, a casino licensee may, prior to the
13 completion of the verifications that are otherwise required by the rules
14 of the commission for a casino licensee to issue credit, accept a check
15 from a person to enable such person to take part in gaming or
16 simulcast wagering as a player, or may give cash or cash equivalents
17 in exchange for such check, provided that:

18 (1) the casino licensee records in the credit file of the person:

19 (a) the efforts that were made to complete the required
20 verifications and the reasons why the verifications could not be
21 completed; and

22 (b) a description of the criteria that were relied upon in
23 determining to issue credit to the person prior to the completion of the
24 required verifications;

25 (2) the check otherwise complies with the requirements of
26 subsection b. of this section and is processed by the casino licensee in
27 accordance with all other provisions of this section and the regulations
28 of the commission; and

29 (3) any check accepted by a casino licensee pursuant to the
30 provisions of this subsection:

31 (a) is clearly marked as such in a manner approved by the
32 commission; and

33 (b) may not be deducted from the total of all sums received in
34 calculating gross revenue pursuant to section 24 of P.L.1977, c.110
35 (C.5:12-24), even if such check should subsequently prove
36 uncollectible or the casino licensee completes all of the required
37 verifications prior to its deposit or presentment.]

38 (P.L.2002, c.65, s.23)

39

40 9. Section 3 of P.L.2003, c.116 (C.5:12-148.1) is amended to read
41 as follows:

42 3. a. There is imposed on each casino licensee a tax on the value
43 of rooms, food, beverages, or entertainment provided at no cost or at
44 a reduced price, as required to be reported to the Casino Control
45 Commission pursuant to section 102 of P.L.1977, c.110 (C.5:12-102),
46 which tax shall be computed as follows:

1 (1) if rooms, food, beverages or entertainment are provided at no
2 cost, the tax shall be at a rate of 4.25% on the value of rooms, food,
3 beverages and entertainment;

4 (2) if rooms, food, beverages or entertainment are provided at
5 reduced cost, the tax shall be at a rate of 4.25% on the value, which
6 taxable value shall be reduced by any consideration paid by the person
7 to whom the rooms, food, beverages or entertainment are provided;
8 provided however, that the imposition of the excise tax as provided in
9 this section is in addition to any tax due under the "Sales and Use Tax
10 Act," P.L.1966, c.30 (C.54:32B-1 et seq.), on the receipts from the
11 sale of food and beverages, or from amounts paid as a charge for
12 entertainment, or the rents for occupancy of hotel rooms, at reduced
13 cost;

14 (3) no excise tax shall be imposed on the value of any service or
15 property upon which a sales or use tax has been paid by a casino
16 licensee;

17 (4) for the purpose of computing the tax, the value of a room
18 complimentary shall be \$67, provided that the commission shall review
19 the room value within 90 days of the effective date of this act, and
20 shall adjust the statutory room value to a rate that, along with the tax
21 imposed pursuant to this section on food, beverages and
22 entertainment, is sufficient to generate \$26 million in State fiscal year
23 2004, and the commission's review and adjustment shall take into
24 account tax paid under this section by a casino licensee commencing
25 operations in calendar year 2003 in determining whether the adjusted
26 statutory room value would generate \$26 million in State fiscal year
27 2004, and in addition, the commission shall establish an inflation factor
28 for the room value and the amount raised in [each] State fiscal [year]
29 years 2005 and 2006 by the tax imposed pursuant to this section;

30 (5) for the purpose of computing the tax, the value of food,
31 beverages and entertainment complementaries shall be determined
32 pursuant to section 2 of P.L.1983, c.41 (C.5:12-14a), provided that
33 the value of a beverage complimentary served in a casino room shall
34 be the cost to the casino licensee of providing the beverage; and

35 (6) for each casino licensee, the amount of tax imposed in State
36 fiscal years 2004, 2005 and 2006 by this section shall not be less than
37 the tax that the licensee would have paid if the tax had been in effect
38 for calendar year 2002.

39 (7) Notwithstanding the forgoing, the rate of the tax imposed
40 pursuant to this section shall be 3.25% in State fiscal year 2007,
41 2.25% in State fiscal year 2008, and 1.25% in State fiscal year 2009,
42 and the tax shall expire on June 30, 2009.

43 b. Each casino licensee shall file a return, on a form as prescribed
44 by the Director of the Division of Taxation in the Department of the
45 Treasury, and pay the amount of tax due pursuant to this section in the
46 manner and at a frequency as the Director of the Division of Taxation

1 prescribes, but no more frequently than monthly. In prescribing the
2 periods to be covered by the return or intervals or classifications for
3 payment of tax liability, the Director of the Division of Taxation may
4 take into account the dollar volume of tax involved, as well as the
5 need for ensuring the prompt and orderly collection of the tax
6 imposed.

7 c. The Director of the Division of Taxation in the Department of
8 the Treasury shall collect and administer the tax imposed pursuant to
9 this section. In carrying out the provisions of this section, the Director
10 of the Division of Taxation shall have all of the powers and authority
11 granted in P.L.1966, c.30 (C.54:32B-1 et seq.). The Director of the
12 Division of Taxation shall determine and certify to the State Treasurer
13 on at least a quarterly basis the amount of tax collected pursuant to
14 this section. The Director of the Division of Taxation may promulgate
15 such rules and regulations as the director determines are necessary to
16 effectuate the provisions of this act.

17 d. The tax imposed by this section shall be governed in all respects
18 by the provisions of the "State Uniform Tax Procedure Law,"
19 R.S.54:48-1 et seq, except only to the extent that a specific provision
20 of this section may be in conflict therewith.

21 e. The tax imposed by this section, and any interest or penalties
22 collected by the Director of the Division of Taxation relating to that
23 tax, shall be deposited into the Casino Revenue Fund established
24 pursuant to section 145 of P.L.1977, c.110 (C.5:12-145).
25 (cf: P.L.2003, c.116, s.3)

26

27 10. This act shall take effect immediately.

28

29

30

STATEMENT

31

32 This bill provides for the phased elimination of the 4.25% tax
33 imposed on casino complementaries and makes other changes to the
34 Casino Control Act concerning agreements between casino licensees
35 and gaming-related casino service industry licensees with regard to the
36 operation and administration of multi-casino progressive slot machines
37 and the payment of the jackpots, including annuity jackpots. The bill
38 also eliminates a provision that allows casino licensees to accept
39 checks from patrons, in certain circumstances, without performing
40 certain verifications.

41 Regarding the phased elimination of the casino complementaries
42 tax, the bill provides the tax rate will 3.25% in FY 2007, 2.25% in FY
43 2008, 1.25% in FY 2009, and will expire on June 30, 2009.

44 Regarding the multi-casino progressive slot machine agreements,
45 under current law, casino licensees provide for the operation and
46 administration of multi-casino progressive slot machines and payment

1 of jackpots through the establishment of a trust. In the case of annuity
2 jackpots, in particular, by way of the trust the casino licensees ensure
3 the future annuity payments regardless of the casino licensees' financial
4 condition. Before the enactment of P.L.2003, c.116 in June 2003,
5 only the casino licensees could provide for the payment of these
6 jackpots and the operation and administration of multi-casino
7 progressive slot machines, whether by trust or some other
8 arrangement. P.L.2003, c.116 provided in part that a gaming-related
9 casino service industry licensee could fulfill this role pursuant to an
10 agreement with the casino licensees.

11 However, notwithstanding such an agreement between the casino
12 licensees and the casino service industry licensee, current law provides
13 that the casino licensees would be jointly and severally liable for all
14 acts, omissions and violations of the Casino Control Act committed by
15 the casino service industry licensee in its role as the operator and
16 administrator of the multi-casino progressive slot machines and the
17 entity responsible for making the jackpot payments. The liability issue
18 has prevented the casino licensees and a casino service industry
19 licensee from reaching an agreement regarding multi-casino
20 progressive slot machines.

21 This bill clarifies the scope of an agreement between a casino
22 licensee and a casino service industry licensee with regard to a multi-
23 casino progressive slot machine system, and provides that with regard
24 to such agreements, casino licensees are not jointly and severally liable
25 for the actions, omissions and violations of the casino service industry
26 licensee.

SENATE WAGERING, TOURISM AND HISTORIC
PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 1661

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 21, 2004

The Senate Wagering, Tourism and Historic Preservation Committee reports favorably and with committee amendments Senate No. 1661.

This bill, as amended by the committee, provides for the phased elimination of the 4.25% tax imposed on casino complementaries and makes other changes to the Casino Control Act concerning agreements between casino licensees and gaming-related casino service industry licensees with regard to the operation and administration of multi-casino progressive slot machines and the payment of the jackpots, including annuity jackpots. The bill, as amended, also transfers responsibility for administering the complementaries tax, the casino adjusted net income tax, the multi-casino progressive slot machine tax, the casino parking fee and the \$3 casino hotel occupancy fee from the Division of Taxation to the Casino Control Commission; and eliminates a provision that allows casino licensees to accept checks from patrons, in certain circumstances, without performing certain verifications.

Regarding the phased elimination of the casino complementaries tax, the amended bill provides the tax will generate \$26 million annually in State fiscal years 2004 through 2006, \$19.5 million in State fiscal year 2007, \$13 million in State fiscal year 2008, and \$6.5 million in State fiscal year 2009. The tax would expire on June 30, 2009. In any year in which the amount of tax collected, given the progressively reduced rates set in the bill, is more or less than the amount required to be collected, the difference will be rebated or assessed, as appropriate, to the casinos.

Regarding the multi-casino progressive slot machine agreements, under current law, casino licensees provide for the operation and administration of multi-casino progressive slot machines and payment of jackpots through the establishment of a trust. In the case of annuity jackpots, in particular, by way of the trust, the casino licensees ensure the future annuity payments regardless of the casino licensees' financial condition. Before the enactment of P.L.2003, c.116 in June 2003,

only the casino licensees could provide for the payment of these jackpots and the operation and administration of multi-casino progressive slot machines, whether by trust or some other arrangement. P.L.2003, c.116 provided in part that a gaming-related casino service industry licensee could fulfill this role pursuant to an agreement with the casino licensees.

However, notwithstanding such an agreement between the casino licensees and the casino service industry licensee, current law provides that the casino licensees would be jointly and severally liable for all acts, omissions and violations of the Casino Control Act committed by the casino service industry licensee in its role as the operator and administrator of the multi-casino progressive slot machines and the entity responsible for making the jackpot payments. The liability issue has prevented the casino licensees and a casino service industry licensee from reaching an agreement regarding multi-casino progressive slot machines.

As amended by the committee, this bill clarifies the scope of an agreement between a casino licensee and a casino service industry licensee with regard to a multi-casino progressive slot machine system, and provides that with regard to such agreements, casino licensees are not jointly and severally liable for the actions, omissions and violations of the casino service industry licensee.

The committee adopted amendments to transfer responsibility for administering various casino industry-related taxes and fees from the Division of Taxation to the Casino Control Commission; and to require that specific amounts be raised annually by the casino complementaries tax and for rebates or assessments to be made in those years in which the amount of such tax collected, given the rates set in the bill, is more or less than the amount required to be collected.

Office of the Governor

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Contact: Micah Rasmussen
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RELEASE: August 25, 2004

McGreevey Signs Bills to Invest in Atlantic City, the Casino Industry

(ATLANTIC CITY) – Governor McGreevey advanced his commitment to build Atlantic City’s and the casino industry’s economic growth today with the signing of a bill that will eliminate the complementary tax on casinos, and a separate bill that will channel \$62 million in casino reinvestment funds into Atlantic City construction projects.

“Atlantic City is one of New Jersey’s great treasures – and as home to the casino industry it is a powerhouse for our State economy. The bills I’m signing today will help the industry and help Atlantic City. They are part of my plan to help this city reach its full potential as a world-class, family destination,” Governor McGreevey said during the bill signing ceremony.

The ceremony took place at Boardwalk Hall, before an audience of hundreds of casino employees, executives and construction workers. CRDA Executive Director Curtis Bashaw, Casino Control Commission Chair Linda M. Kassekert, Assemblyman Jeff Van Drew, Senator William L. Gormley and former Governor Brendan Byrne joined Governor McGreevey.

The bill A3120, known as the Comp Tax Phase-Out, will gradually eliminate the 4.25 percent tax the State imposes on complementary items. The tax will be phased out completely by June 30, 2009.

The bill A3121 creates the Atlantic City Expansion Fund, and extends the casinos’ “investment alternative tax obligation” – a payment from casinos that the State keeps in an escrow account for community improvement projects – from 35 to 50 years.

The bill further directs that half of the casino alternative tax obligation from years 36 to 50 will fund projects in North Jersey and half in South Jersey, not including Atlantic City.

For Atlantic City, the bill sets aside \$62 million to create the Atlantic City Expansion Fund. The bill will also benefit Atlantic City in the following ways:

- The \$62 million is part of Governor McGreevey's commitment to invest \$92 million for the construction of about 2,000 new casino hotel rooms in Atlantic City – as part of his effort to help the city reach its potential as an overnight resort destination.
- The bill authorizes the Casino Reinvestment Development Authority to approve five new entertainment-hotel districts in Atlantic City. Prior to this change, the CRDA Urban Revitalization Act only authorized the Authority to approve a total of six entertainment-retail districts.
- The fund will finance revitalization projects for Atlantic City's Boardwalk.

At the bill signing, Governor McGreevey recognized the casino industry's vital role for New Jersey's statewide economy. The casinos directly employ 45,000 people, and help support more than 30,000 jobs in occupations tied to the industry. Last year the casinos and their contractors did \$2.3 billion worth of business with 2,600 companies throughout New Jersey – an impact felt in every county in the State.

Through their investment alternative tax obligation, the casinos also play a vital role in redevelopment efforts in Atlantic City and throughout the State.

The Governor's plan is to strengthen the industry and Atlantic City by turning the city into a world-class overnight tourist destination, and to bring more conventions and air service into the city. A key part of that plan is the creation of more casino hotel rooms – hence the Governor's plan to invest \$92 million for the creation of about 2,000 new rooms.

The McGreevey Administration's other successes for the casino industry include:

- Regulatory reform at the Casino Control Commission, creating a system that is more efficient while still preserving accountability and integrity.
- Highly efficient management at the Casino Control Commission, resulting in the Commission's ability to give \$8.25 million back to the casinos at the end of Fiscal Year 2003.
- A new mission for the Casino Reinvestment Development Authority for the creation of a Master Plan in conjunction with the City of Atlantic City, the local Housing Authority and the casino industry.
- The successful attraction of Delta Airlines service into Atlantic City International Airport in July 2002, and ongoing efforts to bring additional air service.
- Improvements in transportation infrastructure into and within Atlantic City, including \$495 million invested since January 2002.

“From ‘The Walk’ to this new Atlantic City Expansion Fund, Atlantic City is becoming the top destination it is meant to be. These bills will strengthen the region's and the entire State's vibrant economy for years to come,” Governor McGreevey said.

Copies of the legislation signed by Governor McGreevey may be viewed by entering the bill numbers at <http://www.njleg.state.nj.us/>.

State of New Jersey Governor's Office

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