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NEWSPAPER ARTICLES: No

LAW/RWH 8/4/09

[First Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 3691

STATE OF NEW JERSEY
213th LEGISLATURE

ADOPTED FEBRUARY 9, 2009

Sponsored by:

Assemblyman JOHN J. BURZICHELLI

District 3 (Salem, Cumberland and Gloucester)

Assemblyman MATTHEW W. MILAM

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

Co-Sponsored by:

Assemblymen Polistina, Amodeo, Senators Whelan and Van Drew

SYNOPSIS

Makes various changes related to casino service industry licensing, casino service employees, testing of gaming devices, casino simulcasting, and unclaimed casino obligations.

CURRENT VERSION OF TEXT

As amended by the General Assembly on March 5, 2009.

(Sponsorship Updated As Of: 3/17/2009)

1 AN ACT concerning casinos and casino simulcasting, amending
2 various parts of the statutory law, 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. Section 12 of P.L.1977, c.110 (C.5:12-12) is amended to
9 read as follows:

10 12. "Casino Service Industry Enterprise" -- Any [form of
11 enterprise] vendor which provides casino applicants or licensees
12 with goods or services regarding the realty, construction,
13 maintenance, or business of a proposed or existing casino hotel or
14 related facility or which purchases goods or services from, or which
15 does any other business with, casino applicants or licensees on a
16 regular or continuing basis, including, without limitation, junket
17 enterprises, security businesses, gaming schools, manufacturers,
18 distributors and servicers of gaming and casino simulcasting
19 devices or equipment, in-State and out-of-State sending tracks as
20 defined in section 2 of the "Casino Simulcasting Act," P.L.1992,
21 c.19 (C.5:12-192), garbage haulers, maintenance companies, food
22 purveyors, and construction companies [, or any other enterprise
23 which purchases goods or services from or which does any other
24 business with licensed casinos on a regular or continuing basis].
25 Notwithstanding the foregoing, any form of enterprise engaged in
26 the manufacture, sale, distribution, testing or repair of slot machines
27 within New Jersey, other than antique slot machines as defined in
28 N.J.S.2C:37-7, shall be considered a casino service industry
29 enterprise for the purposes of this act regardless of the nature of its
30 business relationship, if any, with [licensed casinos] casino
31 applicants and licensees in this State.

32 For the purposes of this section, "casino applicant" includes any
33 person required to hold a casino license pursuant to section 82 of
34 P.L.1977, c.110 (C.5:12-82) who has applied to the commission for
35 a casino license or any approval required under P.L.1977, c.110
36 (C.5:12-1 et seq.).
37 (cf. P.L.1995, c.18, s.7)

38

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

41 24. "Gross Revenue"-- The total of all sums [, including checks
42 received by a casino licensee pursuant to section 101 of this act,
43 whether collected or not,] actually received by a casino licensee

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly floor amendments adopted March 5, 2009.

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

9 [For the purposes of this section, any check which is invalid and
10 unenforceable pursuant to subsection f. of section 101 of P.L.1977,
11 c.110 (C.5:12-101) shall be treated as cash received by the casino
12 licensee from gaming operations.]

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

14
15 3. Section 5 of P.L.2004, c.184 (C.5:12-45.2) is amended to
16 read as follows:

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

24 (cf: P.L.2004, c.184, s.5)

25
26 4. Section 58 of P.L.1977, c.110 (C.5:12-58) is amended to
27 read as follows:

28 58. Restrictions on Pre-Employment by Commissioners,
29 Commission Employees and Division Employees and Agents.

30 a. Deleted by amendment.

31 b. No person shall be appointed to or employed by the
32 commission or division if, during the period commencing three
33 years prior to appointment or employment, said person held any
34 direct or indirect interest in, or any employment by, any person
35 which is licensed as a casino licensee pursuant to section 87 of
36 P.L.1977, c.110 (C.5:12-87) or as a casino service industry
37 enterprise pursuant to subsection a. of section 92 of P.L.1977, c.110
38 (C.5:12-92) or has an application for such a license pending before
39 the commission; provided, however, that notwithstanding any other
40 provision of this act to the contrary, any such person may be
41 appointed to or employed by the commission or division if his
42 interest in any such casino licensee or casino service industry
43 enterprise which is publicly traded would not, in the opinion of the
44 employing agency, interfere with the objective discharge of such
45 person's employment obligations, but in no instance shall any
46 person be appointed to or employed by the commission or division
47 if his interest in such a casino licensee or casino service industry

1 enterprise which is publicly traded constituted a controlling interest
2 in that casino licensee or casino service industry enterprise; and
3 provided further, however, that notwithstanding any other provision
4 of this act to the contrary, any such person may be employed by the
5 commission or division in a secretarial or clerical position if, in the
6 opinion of the employing agency, his previous employment by, or
7 interest in, any such casino licensee or casino service industry
8 enterprise would not interfere with the objective discharge of such
9 person's employment obligations.

10 c. Prior to appointment or employment, each member of the
11 commission, each employee of the commission, the director of the
12 Division of Gaming Enforcement and each employee and agent of
13 the division shall swear or affirm that he possesses no interest in
14 any business or organization licensed by or registered with the
15 commission.

16 d. Each member of the commission and the director of the
17 division shall file with the State Ethics Commission a financial
18 disclosure statement listing all assets and liabilities, property and
19 business interests, and sources of income of said member or director
20 and said member's or director's spouse and shall provide to the State
21 Ethics Commission a financial disclosure statement listing all assets
22 and liabilities, property and business interests, and sources of
23 income of the parents, brothers, sisters, and children of said
24 member or director. Such statement shall be under oath and shall be
25 filed at the time of appointment and annually thereafter.

26 e. Each employee of the commission, except for secretarial and
27 clerical personnel, and each employee and agent of the division,
28 except for secretarial and clerical personnel, shall file with the State
29 Ethics Commission a financial disclosure statement listing all assets
30 and liabilities, property and business interests, and sources of
31 income of said employee or agent and said employee's or agent's
32 spouse. Such statement shall be under oath and shall be filed at the
33 time of employment and annually thereafter. Notwithstanding the
34 provisions of subsection (n) of section 10 of P.L.1971, c.182
35 (C.52:13D-21), only financial disclosure statements filed by a
36 commission or division employee or agent who is in a policy-
37 making management position shall be posted on the Internet site of
38 the State Ethics Commission.

39 (cf: P.L.2007, c.154, s.1)

40
41 5. Section 60 of P.L.1977, c.110 (C.5:12-60) is amended to
42 read as follows:

43 60. Post-employment restrictions.

44 a. No member of the commission shall hold any direct or
45 indirect interest in, or be employed by, any applicant or by any
46 person licensed by or registered with the commission for a period of
47 4 years commencing on the date his membership on the commission
48 terminates.

1 b. (1) No employee of the commission or employee or agent of
2 the division may acquire any direct or indirect interest in, or accept
3 employment with, any applicant or any person licensed by or
4 registered with the commission, for a period of two years
5 commencing at the termination of employment with the commission
6 or division, except that a secretarial or clerical employee of the
7 commission or the division may accept such employment at any
8 time after the termination of employment with the commission or
9 division. At the end of two years and for a period of two years
10 thereafter, a former employee or agent who held a policy-making
11 management position at any time during the five years prior to
12 termination of employment may acquire an interest in, or accept
13 employment with, any applicant or person licensed by or registered
14 with the commission upon application to and the approval of the
15 commission upon a finding that the interest to be acquired or the
16 employment will not create the appearance of a conflict of interest
17 and does not evidence a conflict of interest in fact.

18 (2). Notwithstanding the provisions of this subsection, if the
19 employment of a commission employee or a division employee or
20 agent, other than an employee or agent who held a policy-making
21 management position at any time during the five years prior to
22 termination of employment, is terminated as a result of a reduction
23 in the workforce at the commission or division, the employee or
24 agent may, at any time prior to the end of the two-year period,
25 accept employment with any applicant or person licensed by or
26 registered with the commission upon application to and the
27 approval of the commission upon a finding that the employment
28 will not create the appearance of a conflict of interest and does not
29 evidence a conflict of interest in fact. The decision of the
30 commission shall be final, and the employee or agent shall not be
31 subject to a determination by the State Ethics Commission under
32 section 4 of P.L.1981, c.142 (C.52:13D-17.2).

33 c. No commission member or person employed by the
34 commission or division shall represent any person or party other
35 than the State before or against the commission for a period of two
36 years from the termination of his office or employment with the
37 commission or division.

38 d. No partnership, firm or corporation in which a former
39 commission member or employee or former division employee or
40 agent has an interest, nor any partner, officer or employee of any
41 such partnership, firm or corporation shall make any appearance or
42 representation which is prohibited to said former member,
43 employee, or agent; provided, however, that nothing herein shall
44 prohibit such partnership, firm or corporation from making such
45 appearance or representation on behalf of a casino service industry
46 enterprise licensed under subsection c. of section 92 of P.L.1977,
47 c.110 (C.5:12-92).

1 e. Notwithstanding any post-employment restriction imposed
2 by this section, nothing herein shall prohibit a former commission
3 member or employee or former division employee or agent, at any
4 time after termination of such membership or employment, from
5 acquiring an interest in, or soliciting or obtaining employment with,
6 any person licensed as a casino service industry enterprise under
7 subsection c. of section 92 of this act or any applicant for such
8 licensure.

9 (cf: P.L.2005, c.382, s.7)

10
11 6. Section 80 of P.L.1977, c.110 (C.5:12-80) is amended to
12 read as follows.

13 80. General Provisions. a. It shall be the affirmative
14 responsibility of each applicant and licensee to establish by clear
15 and convincing evidence his individual qualifications, and for a
16 casino license the qualifications of each person who is required to
17 be qualified under this act as well as the qualifications of the
18 facility in which the casino is to be located.

19 b. Any applicant, licensee, registrant, or any other person who
20 must be qualified pursuant to this act shall provide all information
21 required by this act and satisfy all requests for information
22 pertaining to qualification and in the form specified by the
23 commission. All applicants, registrants, and licensees shall waive
24 liability as to the State of New Jersey, and its instrumentalities and
25 agents, for any damages resulting from any disclosure or
26 publication in any manner, other than a willfully unlawful
27 disclosure or publication, of any material or information acquired
28 during inquiries, investigations or hearings.

29 c. All applicants, licensees, registrants, intermediary
30 companies, and holding companies shall consent to inspections,
31 searches and seizures and the supplying of handwriting exemplars
32 as authorized by this act and regulations promulgated hereunder.

33 d. All applicants, licensees, registrants, and any other person
34 who shall be qualified pursuant to this act shall have the continuing
35 duty to provide any assistance or information required by the
36 commission or division, and to cooperate in any inquiry or
37 investigation conducted by the division and any inquiry,
38 investigation, or hearing conducted by the commission. If, upon
39 issuance of a formal request to answer or produce information,
40 evidence or testimony, any applicant, licensee, registrant, or any
41 other person who shall be qualified pursuant to this act refuses to
42 comply, the application, license, registration or qualification of such
43 person may be denied or revoked by the commission.

44 e. No applicant or licensee shall give or provide, offer to give
45 or provide, directly or indirectly, any compensation or reward or
46 any percentage or share of the money or property played or received
47 through gaming or simulcast wagering activities, except as
48 authorized by this act, in consideration for obtaining any license,

1 authorization, permission or privilege to participate in any way in
2 gaming or simulcast wagering operations.

3 f. Each applicant or person who must be qualified under this
4 act shall be photographed and fingerprinted for identification and
5 investigation purposes in accordance with procedures established by
6 the commission.

7 g. All licensees, all registrants, all persons required to be
8 qualified under this act, and all persons employed by a casino
9 service industry enterprise licensed pursuant to this act, shall have a
10 duty to inform the commission or division of any action which they
11 believe would constitute a violation of this act. No person who so
12 informs the commission or the division shall be discriminated
13 against by an applicant, licensee or registrant because of the
14 supplying of such information.

15 h. (Deleted by amendment, P.L.1995, c.18.)
16 (cf: P.L.1995, c.18, s.21)

17

18 7. Section 82 of P.L.1977, c.110 (C.5:12-82) is amended to
19 read as follows:

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

22 b. Only the following persons shall be eligible to hold a casino
23 license; and, unless otherwise determined by the commission with
24 the concurrence of the Attorney General which may not be
25 unreasonably withheld in accordance with subsection c. of this
26 section, each of the following persons shall be required to hold a
27 casino license prior to the operation of a casino in the casino hotel
28 with respect to which the casino license has been applied for:

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

34 (2) Any person who, whether as lessor or lessee, either leases an
35 approved casino hotel or leases or has an agreement to lease a
36 casino hotel which in the judgment of the commission can become
37 an approved casino hotel within 30 months or within such
38 additional time period as the commission may, upon a showing of
39 good cause therefor, establish;

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

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

46 c. Prior to the operation of a casino and, if applicable, a casino
47 simulcasting facility, every agreement to lease an approved casino
48 hotel or the land thereunder and every agreement for the

1 management of the casino and, if applicable, any authorized games
2 in a casino simulcasting facility, shall be in writing and filed with
3 the commission. No such agreement shall be effective unless
4 expressly approved by the commission. The commission may
5 require that any such agreement include within its terms any
6 provision reasonably necessary to best accomplish the policies of
7 this act. Consistent with the policies of this act:

8 (1) The commission, with the concurrence of the Attorney
9 General which may not be unreasonably withheld, may determine
10 that any person who does not have the ability to exercise any
11 significant control over either the approved casino hotel or the
12 operation of the casino contained therein shall not be eligible to
13 hold or required to hold a casino license;

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

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

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

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

42 (6) The commission shall not permit an agreement for the
43 leasing of an approved casino hotel or the land thereunder to
44 provide for the payment of an interest, percentage or share of
45 money gambled at the casino or derived from casino gaming
46 activity or of revenues or profits of the casino unless the party
47 receiving payment of such interest, percentage or share is a party to
48 the approved lease agreement; unless each party to the lease

1 agreement holds either a casino license or casino service industry
2 enterprise license and unless the agreement is for a durational term
3 exceeding 30 years, concerns a significant portion of the entire
4 approved casino hotel or of the land upon which same is located,
5 and includes within its terms a buy-out provision conforming to that
6 described in paragraph (5) above;

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

40 (8) The commission may permit an agreement for the
41 management of a casino and, if applicable, the authorized games in
42 a casino simulcasting facility to provide for the payment to the
43 managing party of an interest, percentage or share of money
44 gambled at all authorized games or derived from casino gaming
45 activity or of revenues or profits of casino gaming operations;

46 (9) Notwithstanding any other provision of P.L.1977, c.110
47 (C.5:12-1 et seq.) to the contrary, the commission may permit an
48 agreement between a casino licensee and a casino service industry

1 enterprise licensed pursuant to the provisions of subsection a. of
2 section 92 of P.L.1977, c.110 (C.5:12-92) for the conduct of casino
3 simulcasting in a simulcasting facility or for the operation of a
4 multi-casino progressive slot machine system, to provide for the
5 payment to the casino service industry enterprise of an interest,
6 percentage or share of the money derived from the casino licensee's
7 share of proceeds from simulcast wagering activity or the operation
8 of a multi-casino progressive slot machine system; and

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

29 d. No corporation shall be eligible to apply for a casino license
30 unless:

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

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

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

40 (4) The corporation shall maintain a ledger in the principal
41 office of the corporation in New Jersey which shall at all times
42 reflect the current ownership of every class of security issued by the
43 corporation and shall be available for inspection by the commission
44 or the division and authorized agents of the commission and the
45 division at all reasonable times without notice;

46 (5) The corporation shall maintain all operating accounts
47 required by the commission in a bank in New Jersey, except that a
48 casino licensee may establish deposit-only accounts in any

1 jurisdiction in order to obtain payment of any check described in
2 section 101 of P.L.1977, c.110 (C.5:12-101);

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

7 (7) The corporation, if it is not a publicly traded corporation,
8 shall file with the commission such adopted corporate charter
9 provisions as may be necessary to establish the right of prior
10 approval by the commission with regard to transfers of securities,
11 shares, and other interests in the applicant corporation; and, if it is a
12 publicly traded corporation, provide in its corporate charter that any
13 securities of such corporation are held subject to the condition that
14 if a holder thereof is found to be disqualified by the commission
15 pursuant to the provisions of this act, such holder shall dispose of
16 his interest in the corporation; provided, however, that,
17 notwithstanding the provisions of N.J.S.14A:7-12 and N.J.S.12A:8-
18 101 et seq., nothing herein shall be deemed to require that any
19 security of such corporation bear any legend to this effect;

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

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

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

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

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

48 e. No person shall be issued or be the holder of a casino license

1 if the issuance or the holding results in undue economic
2 concentration in Atlantic City casino operations by that person.
3 The commission shall, after conducting public hearings thereon,
4 promulgate rules and regulations in accordance with the
5 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
6 seq.) defining the criteria the commission will use in determining
7 what constitutes undue economic concentration. For the purpose of
8 this subsection a person shall be considered the holder of a casino
9 license if such license is issued to such person or if such license is
10 held by any holding, intermediary or subsidiary company thereof, or
11 by any officer, director, casino key employee or principal employee
12 of such person, or of any holding, intermediary or subsidiary
13 company thereof.

14 (cf: P.L.2004, c.184, s.6)

15

16 8. Section 84 of P.L.1977, c.110 (C.5:12-84) is amended to
17 read as follows:

18 84. Casino License--Applicant Requirements. Any applicant for
19 a casino license must produce information, documentation and
20 assurances concerning the following qualification criteria:

21 a. Each applicant shall produce such information,
22 documentation and assurances concerning financial background and
23 resources as may be required to establish by clear and convincing
24 evidence the financial stability, integrity and responsibility of the
25 applicant, including but not limited to bank references, business and
26 personal income and disbursement schedules, tax returns and other
27 reports filed with governmental agencies, and business and personal
28 accounting and check records and ledgers. In addition, each
29 applicant shall, in writing, authorize the examination of all bank
30 accounts and records as may be deemed necessary by the
31 commission or the division.

32 b. Each applicant shall produce such information,
33 documentation and assurances as may be necessary to establish by
34 clear and convincing evidence the integrity of all financial backers,
35 investors, mortgagees, bondholders, and holders of indentures,
36 notes or other evidences of indebtedness, either in effect or
37 proposed, which bears any relation to the casino proposal submitted
38 by the applicant or applicants; provided, however, that this section
39 shall not apply to banking or other licensed lending institutions
40 exempted from the qualification requirements of subsections c. and
41 d. of section 85 of P.L.1977, c.110 (C.5:12-85) and institutional
42 investors waived from the qualification requirements of those
43 subsections pursuant to the provisions of subsection f. of section 85
44 of P.L.1977, c.110 (C.5:12-85). Any such banking or licensed
45 lending institution or institutional investor shall, however, produce
46 for the commission or the division upon request any document or
47 information which bears any relation to the casino proposal
48 submitted by the applicant or applicants. The integrity of financial

1 sources shall be judged upon the same standards as the applicant.
2 In addition, the applicant shall produce whatever information,
3 documentation or assurances as may be required to establish by
4 clear and convincing evidence the adequacy of financial resources
5 both as to the completion of the casino proposal and the operation
6 of the casino.

7 c. Each applicant shall produce such information,
8 documentation and assurances as may be required to establish by
9 clear and convincing evidence the applicant's good character,
10 honesty and integrity. Such information shall include, without
11 limitation, information pertaining to family, habits, character,
12 reputation, criminal and arrest record, business activities, financial
13 affairs, and business, professional and personal associates, covering
14 at least the 10-year period immediately preceding the filing of the
15 application. Each applicant shall notify the commission of any civil
16 judgments obtained against any such applicant pertaining to
17 antitrust or security regulation laws of the federal government, of
18 this State or of any other state, jurisdiction, province or country. In
19 addition, each applicant shall produce letters of reference from law
20 enforcement agencies having jurisdiction in the applicant's place of
21 residence and principal place of business, which letters of reference
22 shall indicate that such law enforcement agencies do not have any
23 pertinent information concerning the applicant, or if such law
24 enforcement agency does have information pertaining to the
25 applicant, shall specify what the information is. If the applicant has
26 conducted gaming operations in a jurisdiction which permits such
27 activity, the applicant shall produce letters of reference from the
28 gaming or casino enforcement or control agency which shall specify
29 the experiences of such agency with the applicant, his associates,
30 and his gaming operation; provided, however, that if no such letters
31 are received within 60 days of request therefor, the applicant may
32 submit a statement under oath that he is or was during the period
33 such activities were conducted in good standing with such gaming
34 or casino enforcement or control agency.

35 d. Each applicant shall produce such information,
36 documentation and assurances as may be required to establish by
37 clear and convincing evidence that the applicant has sufficient
38 business ability and casino experience as to establish the likelihood
39 of creation and maintenance of a successful, efficient casino
40 operation. The applicant shall produce the names of all proposed
41 casino key employees as they become known and a description of
42 their respective or proposed responsibilities, and a full description
43 of security systems and management controls proposed for the
44 casino and related facilities.

45 e. Each applicant shall produce such information,
46 documentation and assurances to establish to the satisfaction of the
47 commission the suitability of the casino and related facilities
48 subject to subsection i. of section 83 of P.L.1977, c.110 (C.5:12-83)

1 and its proposed location will not adversely affect casino
2 operations. Each applicant shall submit an impact statement which
3 shall include, without limitation, architectural and site plans which
4 establish that the proposed facilities comply in all respects with the
5 requirements of this act and the requirements of the master plan and
6 zoning and planning ordinances of Atlantic City, without any use
7 variance from the provisions thereof; a market impact study which
8 analyzes the adequacy of the patron market and the effect of the
9 proposal on such market and on the existing casino facilities
10 licensed under this act; and an analysis of the effect of the proposal
11 on the overall economic and competitive conditions of Atlantic City
12 and the State of New Jersey.

13 f. For the purposes of this section, each applicant shall submit
14 to the [commission] division the applicant's name, address,
15 fingerprints and written consent for a criminal history record
16 background check to be performed. The [commission] division is
17 hereby authorized to exchange fingerprint data with and receive
18 criminal history record information from the State Bureau of
19 Identification in the Division of State Police and the Federal Bureau
20 of Investigation consistent with applicable State and federal laws,
21 rules and regulations. The applicant shall bear the cost for the
22 criminal history record background check, including all costs of
23 administering and processing the check. The Division of State
24 Police shall promptly notify the [commission] division in the event
25 a current or prospective licensee, who was the subject of a criminal
26 history record background check pursuant to this section, is arrested
27 for a crime or offense in this State after the date the background
28 check was performed.

29 (cf: P.L.2003, c.199, s.5)

30

31 9. Section 85 of P.L.1977, c.110 (C.5:12-85) is amended to
32 read as follows:

33 85. Additional Requirements.

34 a. In addition to other information required by this act, a
35 corporation applying for a casino license shall provide the
36 following information:

37 (1) The organization, financial structure and nature of all
38 businesses operated by the corporation; the names and personal
39 employment and criminal histories of all officers, directors and
40 principal employees of the corporation; the names of all holding,
41 intermediary and subsidiary companies of the corporation; and the
42 organization, financial structure and nature of all businesses
43 operated by such of its holding, intermediary and subsidiary
44 companies as the commission may require, including names and
45 personal employment and criminal histories of such officers,

1 directors and principal employees of such corporations and
2 companies as the commission may require;

3 (2) The rights and privileges acquired by the holders of different
4 classes of authorized securities of such corporations and companies
5 as the commission may require, including the names, addresses and
6 amounts held by all holders of such securities;

7 (3) The terms upon which securities have been or are to be
8 offered;

9 (4) The terms and conditions of all outstanding loans,
10 mortgages, trust deeds, pledges or any other indebtedness or
11 security devices utilized by the corporation;

12 (5) The extent of the equity security holding in the corporation
13 of all officers, directors and underwriters, and their remuneration in
14 the form of salary, wages, fees or otherwise;

15 (6) Names of persons other than directors and officers who
16 occupy positions specified by the commission or whose
17 compensation exceeds an amount determined by the commission,
18 and the amount of their compensation;

19 (7) A description of all bonus and profit-sharing arrangements;

20 (8) Copies of all management and service contracts; and

21 (9) A listing of stock options existing or to be created.

22 b. If a corporation or other form of business organization
23 applying for a casino license is, or if a corporation or other form of
24 business organization holding a casino license is to become, a
25 subsidiary, each holding company ~~and each~~, intermediary
26 company, and other entity required to be qualified with respect
27 thereto must, as a condition of the said subsidiary acquiring or
28 retaining such license, as the case may be:

29 (1) Establish by clear and convincing evidence that it meets the
30 standards set forth in subsections a., c., and d. of section 84 of
31 P.L.1977, c.110 (C.5:12-84) as if it were itself applying for a casino
32 license, and the standards, but for residence, required for approval
33 as a casino key employee pursuant to the provisions of this act in
34 accordance with subsections c., d. and e. of this section, as
35 applicable; and

36 (2) Qualify to do business in the State of New Jersey; and

37 ~~[(2)]~~ (3) If it is a corporation, register with the commission and
38 furnish the commission with all the information required of a
39 corporate licensee as specified in subsection a. (1), (2) and (3) of
40 this section and such other information as the commission may
41 require; or

42 ~~[(3)]~~ (4) If it is not a corporation, register with the commission
43 and furnish the commission with such information as the
44 commission may prescribe.

45 c. No corporation shall be eligible to hold a casino license
46 unless each officer; each director; each person who directly or
47 indirectly holds any beneficial interest or ownership of the

1 securities issued by the corporation; any person who in the opinion
2 of the commission has the ability to control the corporation or elect
3 a majority of the board of directors of that corporation, other than a
4 banking or other licensed lending institution which makes a loan or
5 holds a mortgage or other lien acquired in the ordinary course of
6 business; each principal employee; and any lender, underwriter,
7 agent, employee of the corporation, or other person whom the
8 commission may consider appropriate for approval or qualification
9 would, but for residence, individually be qualified for approval as a
10 casino key employee pursuant to the provisions of this act.

11 d. No corporation or other form of business organization which
12 is a subsidiary shall be eligible to receive or hold a casino license
13 unless each holding and intermediary company with respect thereto:

14 (1) If it is a corporation, shall comply with the provisions of
15 subsection c. of this section as if said holding or intermediary
16 company were itself applying for a casino license; provided,
17 however, that the commission with the concurrence of the director
18 may waive compliance with the provisions of subsection c. hereof
19 on the part of a holding company as to any officer, director, lender,
20 underwriter, agent or employee thereof, or person directly or
21 indirectly holding a beneficial interest or ownership of the securities
22 of such corporation, where the commission and the director are
23 satisfied that such officer, director, lender, underwriter, agent or
24 employee is not significantly involved in the activities of the
25 corporate licensee, and in the case of security holders, does not
26 have the ability to control the holding company or elect one or more
27 directors thereof; or

28 (2) If it is not a corporation, shall comply with the provisions of
29 subsection e. of this section as if said company were itself applying
30 for a casino license; provided, however, that the commission with
31 the concurrence of the director may waive compliance with the
32 provisions of subsection e. of this section on the part of a
33 noncorporate business organization which is a holding company as
34 to any person who directly or indirectly holds any beneficial interest
35 or ownership in such company, when the commission and the
36 director are satisfied that such person does not have the ability to
37 control the company.

38 e. Any noncorporate applicant for a casino license shall
39 provide the information required in subsection a. of this section in
40 such form as may be required by the commission. No such
41 applicant shall be eligible to hold a casino license unless each
42 person who directly or indirectly holds any beneficial interest or
43 ownership in the applicant, or who in the opinion of the commission
44 has the ability to control the applicant, or whom the commission
45 may consider appropriate for approval or qualification, would, but
46 for residence, individually be qualified for approval as a casino key
47 employee pursuant to the provisions of this act.

48 f. Notwithstanding the provisions of subsections c. and d. of

1 this section, and in the absence of a prima facie showing by the
2 director that there is any cause to believe that the institutional
3 investor may be found unqualified, an institutional investor holding
4 either (1) under 10% of the equity securities of a casino licensee's
5 holding or intermediary companies, or (2) debt securities of a
6 casino licensee's holding or intermediary companies, or another
7 subsidiary company of a casino licensee's holding or intermediary
8 companies which is related in any way to the financing of the
9 casino licensee, where the securities represent a percentage of the
10 outstanding debt of the company not exceeding 20%, or a
11 percentage of any issue of the outstanding debt of the company not
12 exceeding 50%, shall be granted a waiver of qualification if such
13 securities are those of a publicly traded corporation and its holdings
14 of such securities were purchased for investment purposes only and
15 upon request by the commission it files with the commission a
16 certified statement to the effect that it has no intention of
17 influencing or affecting the affairs of the issuer, the casino licensee
18 or its holding or intermediary companies; provided, however, that it
19 shall be permitted to vote on matters put to the vote of the
20 outstanding security holders. The commission may grant a waiver
21 of qualification to an institutional investor holding a higher
22 percentage of such securities upon a showing of good cause and if
23 the conditions specified above are met. Any institutional investor
24 granted a waiver under this subsection which subsequently
25 determines to influence or affect the affairs of the issuer shall
26 provide not less than 30 days' notice of such intent and shall file
27 with the commission an application for qualification before taking
28 any action that may influence or affect the affairs of the issuer;
29 provided, however, that it shall be permitted to vote on matters put
30 to the vote of the outstanding security holders. If an institutional
31 investor changes its investment intent, or if the commission finds
32 reasonable cause to believe that the institutional investor may be
33 found unqualified, no action other than divestiture shall be taken by
34 such investor with respect to its security holdings until there has
35 been compliance with the provisions of P.L.1987, c.409 (C.5:12-
36 95.12 et seq.), including the execution of a trust agreement. The
37 casino licensee and its relevant holding, intermediary or subsidiary
38 company shall immediately notify the commission and the division
39 of any information about, or actions of, an institutional investor
40 holding its equity or debt securities where such information or
41 action may impact upon the eligibility of such institutional investor
42 for a waiver pursuant to this subsection.

43 g. If at any time the commission finds that an institutional
44 investor holding any security of a holding or intermediary company
45 of a casino licensee, or, where relevant, of another subsidiary
46 company of a holding or intermediary company of a casino licensee
47 which is related in any way to the financing of the casino licensee,
48 fails to comply with the terms of subsection f. of this section, or if

1 at any time the commission finds that, by reason of the extent or
2 nature of its holdings, an institutional investor is in a position to
3 exercise such a substantial impact upon the controlling interests of a
4 licensee that qualification of the institutional investor is necessary
5 to protect the public interest, the commission may, in accordance
6 with the provisions of subsections a. through e. of this section or
7 subsections d. and e. of section 105 of P.L.1977, c.110 (C.5:12-
8 105), take any necessary action to protect the public interest,
9 including requiring such an institutional investor to be qualified
10 pursuant to the provisions of the "Casino Control Act," P.L.1977,
11 c.110 (C.5:12-1 et seq.).

12 (cf: P.L.2002, c.65, s.15)

13

14 10. Section 89 of P.L.1977, c.110 (C.5:12-89) is amended to
15 read as follows:

16 89. Licensing of Casino Key Employees.

17 a. No person may be employed as a casino key employee
18 unless he is the holder of a valid casino key employee license issued
19 by the commission.

20 b. Each applicant must, prior to the issuance of any casino key
21 employee license, produce information, documentation and
22 assurances concerning the following qualification criteria:

23 (1) Each applicant for a casino key employee license shall
24 produce such information, documentation and assurances as may be
25 required to establish by clear and convincing evidence the financial
26 stability, integrity and responsibility of the applicant, including but
27 not limited to bank references, business and personal income and
28 disbursements schedules, tax returns and other reports filed with
29 governmental agencies, and business and personal accounting and
30 check records and ledgers. In addition, each applicant shall, in
31 writing, authorize the examination of all bank accounts and records
32 as may be deemed necessary by the commission or the division.

33 (2) Each applicant for a casino key employee license shall
34 produce such information, documentation and assurances as may be
35 required to establish by clear and convincing evidence the
36 applicant's good character, honesty and integrity. Such information
37 shall include, without limitation, data pertaining to family, habits,
38 character, reputation, criminal and arrest record, business activities,
39 financial affairs, and business, professional and personal associates,
40 covering at least the 10-year period immediately preceding the
41 filing of the application. Each applicant shall notify the
42 commission of any civil judgments obtained against such applicant
43 pertaining to antitrust or security regulation laws of the federal
44 government, of this State or of any other state, jurisdiction,
45 province or country. In addition, each applicant shall, upon request
46 of the commission or the division, produce letters of reference from
47 law enforcement agencies having jurisdiction in the applicant's
48 place of residence and principal place of business, which letters of

1 reference shall indicate that such law enforcement agencies do not
2 have any pertinent information concerning the applicant, or if such
3 law enforcement agency does have information pertaining to the
4 applicant, shall specify what that information is. If the applicant
5 has been associated with gaming or casino operations in any
6 capacity, position or employment in a jurisdiction which permits
7 such activity, the applicant shall, upon request of the commission or
8 division, produce letters of reference from the gaming or casino
9 enforcement or control agency, which shall specify the experience
10 of such agency with the applicant, his associates and his
11 participation in the gaming operations of that jurisdiction; provided,
12 however, that if no such letters are received from the appropriate
13 law enforcement agencies within 60 days of the applicant's request
14 therefor, the applicant may submit a statement under oath that he is
15 or was during the period such activities were conducted in good
16 standing with such gaming or casino enforcement or control agency.

17 (3) (Deleted by amendment, P.L.1995, c.18.)

18 (4) Each applicant shall be a resident of the State of New Jersey
19 prior to the issuance of a casino key employee license; provided,
20 however, that upon petition by the holder of a casino license, the
21 commission may waive this residency requirement for any applicant
22 whose particular position will require him to be employed outside
23 the State.

24 The commission may also, by regulation, require that all
25 applicants for casino key employee licenses be residents of this
26 State for a period not to exceed six months immediately prior to the
27 issuance of such license, but application may be made prior to the
28 expiration of the required period of residency. The commission
29 shall, by resolution, waive the required residency period for an
30 applicant upon a showing that the residency period would cause
31 undue hardship upon the casino licensee which intends to employ
32 said applicant, or upon a showing of other good cause.

33 (5) For the purposes of this section, each applicant shall submit
34 to the [commission] division the applicant's name, address,
35 fingerprints and written consent for a criminal history record
36 background check to be performed. The [commission] division is
37 hereby authorized to exchange fingerprint data with and receive
38 criminal history record information from the State Bureau of
39 Identification in the Division of State Police and the Federal Bureau
40 of Investigation consistent with applicable State and federal laws,
41 rules and regulations. The applicant shall bear the cost for the
42 criminal history record background check, including all costs of
43 administering and processing the check. The Division of State
44 Police shall promptly notify the [commission] division in the event
45 a current or prospective licensee, who was the subject of a criminal
46 history record background check pursuant to this section, is arrested
47 for a crime or offense in this State after the date the background

1 check was performed.

2 c. (Deleted by amendment, P.L.1995, c.18.)

3 d. The commission shall deny a casino key employee license to
4 any applicant who is disqualified on the basis of the criteria
5 contained in section 86 of this act.

6 e. Upon petition by the holder of a casino license, the
7 commission may issue a temporary license to an applicant for a
8 casino key employee license, provided that:

9 (1) The applicant for the casino key employee license has filed a
10 complete application as required by the commission;

11 (2) The division either certifies to the commission that the
12 completed casino key employee license application as specified in
13 paragraph (1) of this subsection has been in the possession of the
14 division for at least 15 days or agrees to allow the commission to
15 consider the application in some lesser time;

16 (3) (Deleted by amendment, P.L.1995, c.18.)

17 (4) The petition for a temporary casino key employee license
18 certifies, and the commission finds, that an existing casino key
19 employee position of the petitioner is vacant or will become vacant
20 within 60 days of the date of the petition and that the issuance of a
21 temporary key employee license is necessary to fill the said vacancy
22 on an emergency basis to continue the efficient operation of the
23 casino, and that such circumstances are extraordinary and not
24 designed to circumvent the normal licensing procedures of this act;

25 (5) The division does not object to the issuance of the temporary
26 casino key employee license.

27 In the event that an applicant for a casino key employee license
28 is the holder of a valid casino employee license issued pursuant to
29 section 90 of this act, and if the provisions of paragraphs (1), (2),
30 and (5) of this subsection are satisfied, the commission may issue a
31 temporary casino key employee license upon petition by the holder
32 of a casino license, if the commission finds the issuance of a casino
33 key employee license will be delayed by necessary investigations
34 and the said temporary casino key employee license is necessary for
35 the operation of the casino.

36 Unless otherwise terminated pursuant to this act, any temporary
37 casino key employee license issued pursuant to this subsection shall
38 expire nine months from the date of its issuance.

39 (cf: P.L.2003, c.199, s.6)

40

41 11. Section 90 of P.L.1977, c.110 (C.5:12-90) is amended to
42 read as follows:

43 90. Licensing of Casino Employees.

44 a. No person may commence employment as a casino
45 employee unless he is the holder of a valid casino employee license.

46 b. Any applicant for a casino employee license must, prior to
47 the issuance of any such license, produce sufficient information,
48 documentation and assurances to meet the qualification criteria,

1 including New Jersey residency, contained in subsection b. of
2 section 89 of this act and any additional residency requirement
3 imposed under subsection c. of this section.

4 c. The commission may, by regulation, require that all
5 applicants for casino employee licenses be residents of this State for
6 a period not to exceed six months immediately prior to the issuance
7 of such license, but application may be made prior to the expiration
8 of the required period of residency. The commission shall, by
9 resolution, waive the required residency period for an applicant
10 upon a showing that the residency period would cause undue
11 hardship upon the casino licensee which intends to employ said
12 applicant, or upon a showing of other good cause.

13 d. (Deleted by amendment, P.L.1995, c.18.)

14 e. The commission shall deny a casino employee license to any
15 applicant who is disqualified on the basis of the criteria contained in
16 section 86 of this act.

17 f. For the purposes of this section, casino security employees
18 shall be considered casino employees and must, in addition to any
19 requirements under other laws, be licensed in accordance with the
20 provisions of this act.

21 g. Upon petition by the holder of a casino license, a temporary
22 license may be issued by the commission to an applicant for a
23 casino employee license provided that:

24 (1) the applicant for the casino employee license has filed a
25 complete application as required by the commission;

26 (2) the division either certifies to the commission that the
27 completed casino employee license application as specified in
28 paragraph (1) of this subsection has been in the possession of the
29 division for at least 15 days or agrees to allow the commission to
30 consider the application in some lesser time;

31 (3) the petition for a temporary casino employee license
32 certifies, and the commission finds, that the issuance of a plenary
33 license will be restricted by necessary investigations, and the
34 temporary licensing of the applicant is necessary for the operation
35 of the casino and is not designed to circumvent the normal licensing
36 procedures of the "Casino Control Act"; and

37 (4) the division does not object to the issuance of the temporary
38 casino employee license.

39 Unless otherwise terminated pursuant to this act, a temporary
40 license issued pursuant to this subsection shall expire six months
41 from the date of its issuance and be renewable, at the discretion of
42 the commission, for one additional six-month period.

43 h. Notwithstanding the provisions of subsection e. of this
44 section, no applicant shall be denied a casino employee license on
45 the basis of a conviction of any of the offenses enumerated in this
46 act as disqualification criteria or the commission of any act or acts
47 which would constitute any offense under subsection c. of section
48 86 of P.L.1977, c.110 (C.5:12-86), as specified in subsection g. of

1 that section; provided that the applicant has affirmatively
2 demonstrated his rehabilitation. In determining whether the
3 applicant has affirmatively demonstrated his rehabilitation the
4 commission shall consider the following factors:

5 (1) The nature and duties of the position applied for;

6 (2) The nature and seriousness of the offense or conduct;

7 (3) The circumstances under which the offense or conduct
8 occurred;

9 (4) The date of the offense or conduct;

10 (5) The age of the applicant when the offense or conduct was
11 committed;

12 (6) Whether the offense or conduct was an isolated or repeated
13 incident;

14 (7) Any social conditions which may have contributed to the
15 offense or conduct;

16 (8) Any evidence of rehabilitation, including good conduct in
17 prison or in the community, counseling or psychiatric treatment
18 received, acquisition of additional academic or vocational
19 schooling, successful participation in correctional work-release
20 programs, or the recommendation of persons who have or have had
21 the applicant under their supervision.

22 i. For the purposes of this section, each applicant shall submit
23 to the [commission] division the applicant's name, address,
24 fingerprints and written consent for a criminal history record
25 background check to be performed. The [commission] division is
26 hereby authorized to exchange fingerprint data with and receive
27 criminal history record information from the State Bureau of
28 Identification in the Division of State Police and the Federal Bureau
29 of Investigation consistent with applicable State and federal laws,
30 rules and regulations. The applicant shall bear the cost for the
31 criminal history record background check, including all costs of
32 administering and processing the check. The Division of State
33 Police shall promptly notify the [commission] division in the event
34 a current or prospective licensee, who was the subject of a criminal
35 history record background check pursuant to this section, is arrested
36 for a crime or offense in this State after the date the background
37 check was performed.

38 (cf: P.L.2003, c.199, s.7)

39
40 12. Section 91 of P.L.1977, c.110 (C.5:12-91) is amended to
41 read as follows:

42 91. Registration of Casino Service Employees.

43 a. No person may commence employment as a casino service
44 employee unless the person has been registered with the
45 commission, which registration shall be in accordance with
46 subsection f. of this section.

47 b. Any applicant for casino service employee registration shall

1 produce such information as the commission may require.
2 Subsequent to the registration of a casino service employee, the
3 commission may revoke, suspend, limit, or otherwise restrict the
4 registration upon a finding that the registrant is disqualified on the
5 basis of the criteria contained in section 86 of P.L.1977, c.110
6 (C.5:12-86). If a casino service employee registrant has not been
7 employed in any position within a casino hotel facility for a period
8 of three years, the registration of that casino service employee shall
9 lapse.

10 c. The commission may, by regulation, require that all
11 applicants for casino service employee registration be residents of
12 this State for a period not to exceed three months immediately prior
13 to such registration, but application may be made prior to the
14 expiration of the required period of residency. The commission
15 shall waive the required residency period for an applicant upon a
16 showing that the residency period would cause undue hardship upon
17 the casino licensee which intends to employ said applicant, or upon
18 a showing of other good cause.

19 d. Notwithstanding the provisions of subsection b. of this
20 section, no casino service employee registration shall be revoked on
21 the basis of a conviction of any of the offenses enumerated in this
22 act as disqualification criteria or the commission of any act or acts
23 which would constitute any offense under subsection c. of section
24 86 of P.L.1977, c.110 (C.5:12-86), as specified in subsection g. of
25 that section, provided that the registrant has affirmatively
26 demonstrated the registrant's rehabilitation. In determining whether
27 the registrant has affirmatively demonstrated the registrant's
28 rehabilitation the commission shall consider the following factors:

- 29 (1) The nature and duties of the registrant's position;
- 30 (2) The nature and seriousness of the offense or conduct;
- 31 (3) The circumstances under which the offense or conduct
32 occurred;
- 33 (4) The date of the offense or conduct;
- 34 (5) The age of the registrant when the offense or conduct was
35 committed;
- 36 (6) Whether the offense or conduct was an isolated or repeated
37 incident;
- 38 (7) Any social conditions which may have contributed to the
39 offense or conduct;
- 40 (8) Any evidence of rehabilitation, including good conduct in
41 prison or in the community, counseling or psychiatric treatment
42 received, acquisition of additional academic or vocational
43 schooling, successful participation in correctional work-release
44 programs, or the recommendation of persons who have or have had
45 the registrant under their supervision.

46 e. The commission may waive any disqualification criterion for
47 a casino service employee consistent with the public policy of this
48 act and upon a finding that the interests of justice so require.

1 f. Upon petition by the holder of a casino license, casino
2 service employee registration shall be granted to each applicant for
3 such registration named therein, provided that the petition certifies
4 that each such applicant has filed a completed application for casino
5 service employee registration as required by the commission.

6 All casino hotel employee registrations shall expire 120 days
7 after the effective date of this amendatory and supplementary act,
8 P.L.2002, c.65. Any holder of a casino hotel employee registration
9 may until that date convert that registration to a casino service
10 employee registration without fee.

11 g. For the purposes of this section, each applicant shall submit
12 to the [commission] division the applicant's name, address,
13 fingerprints and written consent for a criminal history record
14 background check to be performed. The [commission] division is
15 hereby authorized to exchange fingerprint data with and receive
16 criminal history record information from the State Bureau of
17 Identification in the Division of State Police and the Federal Bureau
18 of Investigation consistent with applicable State and federal laws,
19 rules and regulations. The applicant shall bear the cost for the
20 criminal history record background check, including all costs of
21 administering and processing the check. The Division of State
22 Police shall promptly notify the [commission] division in the event
23 a current or prospective licensee, who was the subject of a criminal
24 history record background check pursuant to this section, is arrested
25 for a crime or offense in this State after the date the background
26 check was performed.

27 (cf: P.L.2003, c.199, s.8)

28
29 13. Section 92 of P.L.1977, c.110 (C.5:12-92) is amended to
30 read as follows:

31 92. Licensing [and registration] of casino service [industries]
32 industry enterprises.

33 a. (1) [All casino service industries] Any business to be
34 conducted with a casino applicant or licensee by a vendor offering
35 goods or services which directly relate to casino or gaming activity,
36 including gaming equipment and simulcast wagering equipment
37 manufacturers, suppliers, repairers and independent testing
38 laboratories, [schools teaching gaming and either playing or dealing
39 techniques, and casino security services,] shall be considered
40 regular or continuing and shall require that the vendor be licensed
41 as a casino service industry enterprise in accordance with the
42 provisions of this act prior to conducting any business whatsoever
43 with a casino applicant or licensee, its employees or agents [, and in
44 the case of a school, prior to enrollment of any students or offering
45 of any courses to the public whether for compensation or not];
46 provided, however, that upon a showing of good cause by a casino
47 applicant or licensee for each business transaction, the commission

1 may permit an applicant for a casino service industry enterprise
2 license to conduct business transactions with such casino applicant
3 or licensee prior to the licensure of that casino service industry
4 enterprise applicant under this subsection.

5 (2) In addition to the requirements of paragraph (1) of this
6 subsection, any casino service industry enterprise intending to
7 manufacture, sell, distribute, test or repair slot machines within
8 New Jersey, other than antique slot machines as defined in
9 N.J.S.2C:37-7, shall be licensed in accordance with the provisions
10 of this act prior to engaging in any such activities; provided,
11 however, that upon a showing of good cause by a casino applicant
12 or licensee for each business transaction, the commission may
13 permit an applicant for a casino service industry enterprise license
14 to conduct business transactions with the casino applicant or
15 licensee prior to the licensure of that casino service industry
16 enterprise applicant under this subsection; and provided further,
17 however, that upon a showing of good cause by an applicant
18 required to be licensed as a casino service industry enterprise
19 pursuant to this paragraph, the commission may permit the casino
20 service industry enterprise applicant to initiate the manufacture of
21 slot machines or engage in the sale, distribution, testing or repair of
22 slot machines with any person other than a casino applicant or
23 licensee, its employees or agents, prior to the licensure of that
24 casino service industry enterprise applicant under this subsection.

25 b. Each casino service industry enterprise included in
26 subsection a. of this section, as well as its owners; management and
27 supervisory personnel; and principal employees if such principal
28 employees have responsibility for services to a casino applicant or
29 licensee, must qualify under the standards, except residency,
30 established for qualification of a casino key employee under this
31 act.

32 c. **[All casino service industries]** (1) Any vendor that offers
33 goods or services to a casino applicant or licensee that are not
34 included in subsection a. of this section including, without
35 limitation, construction companies, vending machine providers,
36 linen suppliers, junket enterprises, garbage handlers, maintenance
37 companies, limousine services, food purveyors and suppliers of
38 alcoholic beverages, shall be [licensed in accordance with rules of
39 the commission prior to commencement or continuation of any
40 business with a casino applicant or licensee or its employees or
41 agents. Such casino service industries, whether or not directly
42 related to gaming operations, shall include junket enterprises;
43 suppliers of alcoholic beverages, food and nonalcoholic beverages;]
44 required to apply for a casino service industry enterprise license
45 when, based upon the dollar amount of business being conducted
46 with casino applicants or licensees or other factors established by
47 the rules of the commission, licensure is deemed necessary to

1 protect the public interest and the policies of this act, P.L.1977,
2 c.110 (C.5:12-1 et seq.).

3 The rules of the commission shall require that each casino
4 service industry enterprise required to be licensed pursuant to this
5 subsection, as well as such of its owners, management, supervisory
6 personnel, and principal employees with responsibility for services
7 to a casino applicant or licensee as the commission may direct, shall
8 establish by clear and convincing evidence their good character,
9 honesty and integrity .

10 (2) Notwithstanding the provisions of paragraph (1) of this
11 subsection, the commission may, consistent with the public interest
12 and the policies of this act, direct by regulation that vendors
13 engaging in certain types of business with a casino applicant or
14 licensee not included in subsection a. of this section be required to
15 apply for a casino service industry enterprise license pursuant to
16 this subsection regardless of the dollar amount of that business,
17 including, without limitation, non-casino applicants or licensees
18 required to hold a Casino Hotel Alcoholic Beverage license
19 pursuant to section 103 of P.L.1977, c.110 (C.5:12-103); in-State
20 and out-of-State sending tracks as defined in section 2 of the
21 "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-192); [garbage
22 handlers; vending machine providers; linen suppliers; maintenance
23 companies;] shopkeepers located within the approved hotels;
24 [limousine services; construction companies;] and gaming schools
25 [contracting with casino applicants or licensees or their employees
26 or agents] that possess slot machines for the purpose of instruction.

27 (3) The commission may exempt any person or field of
28 commerce from the licensing requirements of this subsection if the
29 person or field of commerce demonstrates [(1)] (i) that it is
30 regulated by a public agency that determines whether a person
31 subject to its jurisdiction possesses good character, honesty and
32 integrity; or [that it will provide goods or services in insubstantial
33 or insignificant amounts or quantities, and (2)] (ii) that it is a
34 publicly traded corporation or a wholly owned subsidiary, either
35 directly or indirectly, of a publicly traded corporation, and that the
36 amount of revenue received by the person from all casino applicants
37 and licensees within the 12 month period in which the greatest
38 amount of casino business was conducted by the person seeking
39 exemption is less than one tenth of one percent of all revenues
40 received by the person and its holding and intermediary companies
41 during the same 12 month period, and that licensing is not deemed
42 necessary in order to protect the public interest or to accomplish the
43 policies established by this act. The commission shall periodically
44 review this threshold to determine whether it should be adjusted for
45 inflation or any other relevant factor consistent with the policies of
46 P.L.1977, c.110 (C.5:12-1 et seq.).

47 Upon granting an exemption or at any time thereafter, the

1 commission may limit or place such restrictions thereupon as it may
2 deem necessary in the public interest, and shall require the
3 exempted person to cooperate with the commission and the division
4 and, upon request, to provide information in the same manner as
5 required of a casino service industry enterprise licensed pursuant to
6 this subsection; provided, however, that no exemption be granted
7 unless the casino service industry enterprise complies with the
8 requirements of sections 134 and 135 of this act.

9 d. Licensure pursuant to subsection c. of this section of any
10 casino service industry enterprise may be denied to any applicant or
11 qualifier thereof disqualified in accordance with the criteria
12 contained in section 86 of this act, except that licensure or
13 qualification shall not be denied if such disqualified applicant or
14 qualifier can affirmatively demonstrate rehabilitation as provided in
15 subsection h. of section 90 of P.L.1977, c.110 (C.5:12-90).

16 e. No casino service industry enterprise license shall be issued
17 pursuant to subsection a. or subsection c. of this section to any
18 person unless that person shall provide proof of valid business
19 registration with the Division of Revenue in the Department of the
20 Treasury.

21 f. A casino service industry enterprise licensed pursuant to
22 subsection a. or subsection c. of this section shall require proof,
23 from a subcontractor to a casino service industry enterprise contract
24 with a casino applicant or casino licensee, of valid business
25 registration with the Division of Revenue; verification information
26 shall be forwarded by the casino service industry enterprise to the
27 Division of Taxation in the Department of the Treasury. No
28 subcontract to a casino service industry enterprise contract with a
29 casino applicant or casino licensee shall be entered into by any
30 casino service industry enterprise contractor unless the
31 subcontractor first provides proof of valid business registration.

32 g. For the purposes of this section, each applicant shall submit
33 to the division the name, address, fingerprints and a written consent
34 for a criminal history record background check to be performed, for
35 each person required to qualify as part of the application. The
36 division is hereby authorized to exchange fingerprint data with and
37 receive criminal history record information from the State Bureau
38 of Identification in the Division of State Police and the Federal
39 Bureau of Investigation consistent with applicable State and federal
40 laws, rules and regulations. The applicant shall bear the cost for the
41 criminal history record background check, including all costs of
42 administering and processing the check. The Division of State
43 Police shall promptly notify the division in the event a current or
44 prospective qualifier, who was the subject of a criminal history
45 record background check pursuant to this section, is arrested for a

1 crime or offense in this State after the date the background check
2 was performed.

3 (cf: P.L.2002, c.65, s.17)

4
5 14. Section 94 of P.L.1977, c.110 (C.5:12-94) is amended to
6 read as follows:

7 94. a. Upon the filing of an application for any license or
8 registration required by this act, other than a casino license, and
9 after submission of such supplemental information as the
10 commission may require, the commission shall request the division
11 to conduct such investigation into the qualification of the applicant,
12 and the commission shall conduct such hearings concerning the
13 qualification of the applicant, in accordance with its regulations, as
14 may be necessary to determine qualification for such license or
15 registration.

16 b. After such investigation, the commission may either deny
17 the application or grant a license to or accept the registration of an
18 applicant whom it determines to be qualified to hold such license or
19 registration.

20 c. The commission shall have the authority to deny any
21 application pursuant to the provisions of this act. When an
22 application is denied, the commission shall prepare and file its order
23 denying such application with the general reasons therefor, and if
24 requested by the applicant, shall further prepare and file a statement
25 of the reasons for the denial, including the specific findings of fact.

26 d. When the commission grants an application, the commission
27 may limit or place such restrictions thereupon as it may deem
28 necessary in the public interest. Casino service employee
29 registration shall, upon issuance, remain in effect unless revoked,
30 suspended, limited, or otherwise restricted by the commission.
31 Notwithstanding the foregoing, if a casino service employee
32 registrant has not been employed in any position within a casino
33 hotel facility for a period of three years, the registration of that
34 casino service employee shall lapse. Licenses may be granted and
35 renewed as follows:

36 (1) All casino employee licenses, casino service industry
37 enterprise licenses issued pursuant to subsection c. of section 92 of
38 P.L.1977, c.110 (C.5:12-92), and junket representative and junket
39 enterprise licenses issued pursuant to section 102 of P.L.1977,
40 c.110 (C.5:12-102) shall be issued for an initial term of four years,
41 and may be renewed for subsequent terms of five years each; and

42 (2) All casino key employee licenses and casino service industry
43 enterprise licenses required pursuant to subsection a. of section 92
44 of P.L.1977, c.110 (C.5:12-92) shall be issued for an initial term of
45 three years, and may be renewed for subsequent terms of five years
46 each.

47 Notwithstanding the foregoing, the commission shall reconsider
48 the granting of any license or the approval of any registration at any

1 time at the request of the division.

2 e. After an application is submitted to the commission, final
3 action of the commission shall be taken within 90 days after
4 completion of all hearings and investigations and the receipt of all
5 information required by the commission.

6 f. A complete application for the renewal of a casino employee
7 or casino key employee license shall be filed with the commission
8 no later than the last day of the fifth month prior to the month in
9 which the current license term expires.

10 (cf: P.L.2005, c.31, s.2)

11

12 15. Section 99 of P.L.1977, c.110 (C.5:12-99) is amended to
13 read as follows:

14 99. Internal Controls.

15 a. Each applicant for a casino license shall submit to the
16 commission a description of its initial system of internal procedures
17 and administrative and accounting controls for gaming and
18 simulcast wagering operations accompanied by a certification by its
19 Chief Legal Officer or equivalent that the submitted procedures
20 conform to the requirements of P.L.1977, c.110 (C.5:12-1 et seq.),
21 and the regulations promulgated thereunder, and a certification by
22 its Chief Financial Officer or equivalent that the submitted
23 procedures provide adequate and effective controls, establish a
24 consistent overall system of internal procedures and administrative
25 and accounting controls and conform '[, except as otherwise
26 required by the commission.]' to generally accepted accounting
27 principles ' , except an additional standard may be required by the
28 commission for gross revenue tax purposes'. Each applicant shall
29 make its initial submission at least 30 business days before such
30 operations are to commence unless otherwise directed by the
31 commission. Except as otherwise provided in subsection b. of this
32 section, a casino licensee, upon submission to the commission of a
33 narrative description of a change in its system of internal
34 procedures and controls and the two certifications described above,
35 may, following the 15th business day after submission, implement
36 the change. Each initial internal control submission shall contain a
37 narrative description of the internal control system to be utilized by
38 the casino, including, but not limited to:

39 (1) Accounting controls, including the standardization of forms
40 and definition of terms to be utilized in the gaming and simulcast
41 wagering operations;

42 (2) Procedures, forms, and, where appropriate, formulas
43 covering the calculation of hold percentages; revenue drop; expense
44 and overhead schedules; complimentary services, except as
45 provided in paragraph (3) of subsection m. of section 102 of
46 P.L.1977, c.110 (C.5:12-102); junkets; and cash equivalent
47 transactions;

1 (3) Job descriptions and the system of personnel and chain-of-
2 command, establishing a diversity of responsibility among
3 employees engaged in casino or simulcasting facility operations and
4 identifying primary and secondary supervisory positions for areas
5 of responsibility, which areas shall not be so extensive as to be
6 impractical for an individual to monitor; salary structure; and
7 personnel practices;

8 (4) Procedures within the cashier's cage and simulcast facility
9 for the receipt, storage and disbursal of chips, cash, and other cash
10 equivalents used in gaming and simulcast wagering; the cashing of
11 checks; the redemption of chips and other cash equivalents used in
12 gaming and simulcast wagering; the pay-off of jackpots and
13 simulcast wagers; and the recording of transactions pertaining to
14 gaming and simulcast wagering operations;

15 (5) Procedures for the collection and security of moneys at the
16 gaming tables and in the simulcasting facility;

17 (6) Procedures for the transfer and recordation of chips between
18 the gaming tables and the cashier's cage and the transfer and
19 recordation of moneys within the simulcasting facility;

20 (7) Procedures for the transfer of moneys from the gaming
21 tables to the counting process and the transfer of moneys within the
22 simulcasting facility for the counting process;

23 (8) Procedures and security for the counting and recordation of
24 revenue;

25 (9) Procedures for the security, storage and recordation of cash,
26 chips and other cash equivalents utilized in the gaming and
27 simulcast wagering operations;

28 (10) Procedures for the transfer of moneys or chips from and to
29 the slot machines;

30 (11) Procedures and standards for the opening and security of
31 slot machines;

32 (12) Procedures for the payment and recordation of slot machine
33 jackpots;

34 (13) Procedures for the cashing and recordation of checks
35 exchanged by casino and simulcasting facility patrons;

36 (14) Procedures governing the utilization of the private security
37 force within the casino and simulcasting facility;

38 (15) Procedures and security standards for the handling and
39 storage of gaming apparatus including cards, dice, machines,
40 wheels and all other gaming equipment;

41 (16) Procedures and rules governing the conduct of particular
42 games and simulcast wagering and the responsibility of casino
43 personnel in respect thereto;

44 (17) Procedures for separately recording all transactions pursuant
45 to section 101 of this act involving the Governor, any State officer
46 or employee, or any special State officer or employee, any member
47 of the Judiciary, any member of the Legislature, any officer of a

1 municipality or county in which casino gaming is authorized, or any
2 gaming related casino employee, and for the quarterly filing with
3 the Attorney General of a list reporting all such transactions; and

4 (18) Procedures for the orderly shutdown of casino operations in
5 the event that a state of emergency that is declared due to the failure
6 to enact a general appropriation law by the deadline prescribed by
7 Article VIII, Section II, paragraph 2 of the New Jersey Constitution
8 extends for more than seven days, as provided in section 4 of
9 P.L.2008, c.23 (C.5:12-211), or the casino licensee is not eligible to
10 conduct casino operations during such a state of emergency in
11 accordance with section 5 of P.L.2008, c.23 (C.5:12-212), which
12 procedures shall include, without limitation, the securing of all keys
13 and gaming assets.

14 b. The commission shall review a submission made pursuant to
15 subsection a. to determine whether it conforms to the requirements
16 of this act and to the regulations promulgated thereunder and
17 provides adequate and effective controls for the operations of the
18 particular casino hotel submitting it. If during its review, the
19 commission preliminarily determines that a procedure in the
20 submission contains a substantial and material insufficiency likely
21 to have a direct and materially adverse impact on the integrity of
22 gaming or simulcast wagering operations or the control of gross
23 revenue, the chairman, by written notice to the casino licensee,
24 shall: (1) specify the precise nature of the insufficiency and, when
25 possible, an acceptable alternative procedure, (2) schedule a hearing
26 before the full commission no later than 15 business days after the
27 date of such written notice to plenary and finally determine
28 whether the procedure in question contains the described
29 insufficiency, and (3) direct that the internal controls in issue not
30 yet implemented not be implemented until approved by the
31 commission. Upon receipt of the notice, the casino licensee shall
32 proceed to the scheduled hearing before the full commission and
33 may submit a revised procedure addressing the concerns specified
34 in the notice.

35 c. Notwithstanding the provisions of subsections a. and b.
36 hereof, the commission shall, by regulation, permit changes to those
37 internal controls required by subsection a. hereof that cannot have a
38 material impact upon the integrity of gaming or simulcast wagering
39 operations or the control and reporting of gross revenue, including
40 those internal controls described in paragraph (3) of subsection a.
41 hereof, to be implemented by a casino licensee immediately upon
42 the preparation and internal filing of such internal controls.

43 d. Each casino licensee and applicant shall submit a narrative
44 description of its system of internal procedures and administrative
45 and accounting controls for the recording and reporting of all
46 business transactions and agreements governed by sections 92 and
47 104 of P.L.1977, c.110 (C.5:12-92 and 5:12-104, as amended) no

1 later than five business days after those operations commence or
2 after any change in those procedures or controls takes effect.
3 (cf: P.L.2008, c.23, s.2)

4

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

7 100. a. This act shall not be construed to permit any gaming
8 except the conduct of authorized games in a casino room in
9 accordance with this act and the regulations promulgated hereunder
10 and in a simulcasting facility to the extent provided by the "Casino
11 Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.).
12 Notwithstanding the foregoing, if the commission approves the
13 game of keno as an authorized game pursuant to section 5 of
14 P.L.1977, c.110 (C.5:12-5), as amended, keno tickets may be sold
15 or redeemed in accordance with commission regulations at any
16 location in a casino hotel approved by the commission for such
17 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
20 a casino room, in the simulcasting facility, or in restricted casino
21 areas used for the inspection, repair or storage of such equipment
22 and specifically designated for that purpose by the casino licensee
23 with the approval of the commission. Gaming equipment which
24 supports the conduct of gaming in a casino or simulcasting facility
25 but does not permit or require patron access, such as computers,
26 may be possessed and maintained by a casino licensee in restricted
27 casino areas specifically designated for that purpose by the casino
28 licensee with the approval of the commission. No gaming
29 equipment shall be possessed, maintained, exhibited, brought into
30 or removed from a casino room or simulcasting facility by any
31 person unless such equipment is necessary to the conduct of an
32 authorized game, has permanently affixed, imprinted, impressed or
33 engraved thereon an identification number or symbol authorized by
34 the commission, is under the exclusive control of a casino licensee
35 or his employees, and is brought into or removed from the casino
36 room or simulcasting facility following 24-hour prior notice given
37 to an authorized agent of the commission.

38 Notwithstanding any other provision of this section, computer
39 equipment [which supports] used by the slot system operator of a
40 multi-casino progressive slot system [and links and interconnects]
41 to link and communicate with the slot machines of two or more
42 casino licensees [but is inaccessible to patrons, such as computers,]
43 for the purpose of calculating and displaying the amount of a
44 progressive jackpot, monitoring the operation of the system, and
45 any other purpose that the commission deems necessary and
46 appropriate to the operation or maintenance of the multi-casino
47 progressive slot machine system may, with the prior approval of the

1 commission, be possessed, maintained and operated by [a casino
2 licensee] the slot system operator either in a restricted area on the
3 premises of a casino hotel or in a secure facility inaccessible to the
4 public and specifically designed for that purpose off the premises of
5 a casino hotel but within the [city limits of the City of Atlantic
6 City] territorial limits of Atlantic County, New Jersey.

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

12 c. Each casino hotel shall contain a count room and such other
13 secure facilities as may be required by the commission for the
14 counting and storage of cash, coins, tokens [and], checks, plaques,
15 gaming vouchers, coupons, and other devices or items of value used
16 in wagering and approved by the commission that are received in
17 the conduct of gaming and for the inspection, counting and storage
18 of dice, cards, chips and other representatives of value. All drop
19 boxes and other devices [wherein cash, coins, or tokens] in which
20 the foregoing items are deposited at the gaming tables or in slot
21 machines, and all areas wherein such boxes and devices are kept
22 while in use, shall be equipped with two locking devices, one key to
23 which shall be under the exclusive control of the commission and
24 the other under the exclusive control of the casino licensee, and said
25 drop boxes and other devices shall not be brought into or removed
26 from a casino room or simulcasting facility, or locked or unlocked,
27 except at such times, in such places, and according to such
28 procedures as the commission may require. In the event that a state
29 of emergency is declared due to the failure to enact a general
30 appropriation law by the deadline prescribed by Article VIII,
31 Section II, paragraph 2 of the New Jersey Constitution, the
32 commission, in accordance with section 4 of P.L.2008, c.23
33 (C.5:12-211), may, at its discretion, and as may be necessary to
34 ensure the continuity of casino operations and the collection and
35 counting of gross revenue, give temporary custody of its key to a
36 certified public accountant approved by the commission, who shall
37 act in the capacity of the commission with respect to the use,
38 control and security of the key in accordance with internal controls
39 approved by the commission in accordance with section 5 of
40 P.L.2008, c.23 (C.5:12-212).

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

44 e. All gaming shall be conducted according to rules
45 promulgated by the commission. All wagers and pay-offs of
46 winning wagers shall be made according to rules promulgated by
47 the commission, which shall establish such limitations as may be

1 necessary to assure the vitality of casino operations and fair odds to
2 patrons. Each slot machine shall have a minimum payout of 83%.

3 f. Each casino licensee shall make available in printed form to
4 any patron upon request the complete text of the rules of the
5 commission regarding games and the conduct of gaming, pay-offs
6 of winning wagers, an approximation of the odds of winning for
7 each wager, and such other advice to the player as the commission
8 shall require. Each casino licensee shall prominently post within a
9 casino room and simulcasting facility, as appropriate, according to
10 regulations of the commission such information about gaming rules,
11 pay-offs of winning wagers, the odds of winning for each wager,
12 and such other advice to the player as the commission shall require.

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

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

46 (2) The division shall, within 60 days of its receipt of a
47 complete application for the testing of a slot machine or other

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

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

26 ~~[(2)]~~ (4) The commission shall, by regulation, determine the
27 permissible number and density of slot machines in a licensed
28 casino so as to:

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

38 Any such regulation promulgated by the commission which
39 determines the permissible number and density of slot machines in a
40 licensed casino shall provide that all casino floor space and all
41 space within a casino licensee's casino simulcasting facility shall be
42 included in any calculation of the permissible number and density
43 of slot machines in a licensed casino.

- 44 i. (Deleted by amendment, P.L.1991, c.182).
45 j. (Deleted by amendment, P.L.1991, c.182).
46 k. It shall be unlawful for any person to exchange or redeem
47 chips for anything whatsoever, except for currency, negotiable

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

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

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

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

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

42 (2) A dealer may accept tips or gratuities from a patron at the
43 table at which such dealer is conducting play, subject to the
44 provisions of this subsection. All such tips or gratuities shall be
45 immediately deposited in a lockbox reserved for that purpose,
46 unless the tip or gratuity is authorized by a patron utilizing an
47 automated wagering system approved by the commission. All tips

1 or gratuities shall be accounted for, and placed in a pool for
2 distribution pro rata among the dealers, with the distribution based
3 upon the number of hours each dealer has worked, except that the
4 commission may permit a separate pool to be established for dealers
5 in the game of poker, or may permit tips or gratuities to be retained
6 by individual dealers in the game of poker.

7 (3) Notwithstanding the provisions of paragraph (1) of this
8 subsection, a casino licensee may require that a percentage of the
9 prize pool offered to participants pursuant to an authorized poker
10 tournament be withheld for distribution to the tournament dealers as
11 tips or gratuities in accordance with procedures approved by the
12 commission.

13 p. Any slot system operator that offers an annuity jackpot shall
14 secure the payment of such jackpot by establishing an annuity
15 jackpot guarantee in accordance with the requirements of P.L.1977,
16 c.110 (C.5:12-1 et seq.), and the rules of the commission.
17 (cf: P.L.2008, c.23, s.3)

18
19 17. Section 101 of P.L.1977, c.110 (C.5:12-101) is amended to
20 read as follows:

21 101. a. Except as otherwise provided in this section, no casino
22 licensee or any person licensed under this act, and no person acting
23 on behalf of or under any arrangement with a casino licensee or
24 other person licensed under this act, shall:

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

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

34 b. No casino licensee or any person licensed under this act, and
35 no person acting on behalf of or under any arrangement with a
36 casino licensee or other person licensed under this act, may accept a
37 check, other than a recognized traveler's check or other cash
38 equivalent from any person to enable such person to take part in
39 gaming or simulcast wagering activity as a player, or may give cash
40 or cash equivalents in exchange for such check unless:

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

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

43 (3) The check is presented to the cashier or the cashier's
44 representative at a location in the casino approved by the
45 commission and is exchanged for cash or slot tokens which total an
46 amount equal to the amount for which the check is drawn, or the
47 check is presented to the cashier's representative at a gaming table

1 in exchange for chips which total an amount equal to the amount for
2 which the check is drawn; and

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

5 Nothing in this subsection shall be deemed to preclude the
6 establishment of an account by any person with a casino licensee by
7 a deposit of cash, recognized traveler's check or other cash
8 equivalent, or a check which meets the requirements of subsection
9 g. of this section, or to preclude the withdrawal, either in whole or
10 in part, of any amount contained in such account.

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

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

5 d. No casino licensee or any other person licensed under this
6 act, or any other person acting on behalf of or under any
7 arrangement with a casino licensee or other person licensed under
8 this act, shall transfer, convey, or give, with or without
9 consideration, a check cashed in conformity with the requirements
10 of this section to any person other than:

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

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

14 (3) A purchaser of the casino license as approved by the
15 commission; or

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

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

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

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

33 g. Notwithstanding the provisions of subsection b. of this
34 section to the contrary, a casino licensee may accept a check from a
35 person to enable the person to take part in gaming or simulcast
36 wagering activity as a player, may give cash or cash equivalents in
37 exchange for such a check, or may accept a check in redemption or
38 partial redemption of a check issued in accordance with subsection
39 b., provided that:

40 (1) (a) The check is **[drawn]** issued by a casino licensee
41 [pursuant to the provisions of subsection k. of section 100 of
42 P.L.1977, c.110 (C.5:12-100) or upon a withdrawal of funds from
43 an account established in accordance with the provisions of
44 subsection b. of this section or is drawn by a casino licensee as
45 payment for winnings from an authorized game or simulcast
46 wagers] , is made payable to the person presenting the check, and is
47 issued for a purpose other than employment compensation or as

1 payment for goods or services rendered;

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

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

11 (d) The check is issued by a slot system operator or pursuant to
12 an annuity jackpot guarantee as payment for winnings from a multi-
13 casino progressive slot machine system jackpot; or

14 (e) The check is issued by an affiliate of a casino licensee that
15 holds a gaming license in any jurisdiction , is made payable to the
16 person presenting the check, and is issued for a purpose other than
17 employment compensation or as payment for goods or services
18 rendered;

19 (2) The check is identifiable in a manner approved by the
20 commission as a check [issued for a purpose listed in] authorized
21 for acceptance pursuant to paragraph (1) of this subsection;

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

23 (4) The check is presented to the cashier or the cashier's
24 representative by the original payee and its validity is verified by
25 the drawer in the case of a check drawn pursuant to subparagraph
26 (a) of paragraph (1) of this subsection, or the check is verified in
27 accordance with regulations promulgated by the commission in the
28 case of a check issued pursuant to subparagraph (b), (c), (d) or (e)
29 of paragraph (1) of this subsection; and

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

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

36 h. Notwithstanding the provisions of subsection b. and
37 subsection c. of this section to the contrary, a casino licensee may,
38 at a location outside the casino, accept a personal check or checks
39 from a person for up to \$5,000 in exchange for cash or cash
40 equivalents, and may, at such locations within the casino or casino
41 simulcasting facility as may be permitted by the commission, accept
42 a personal check or checks for up to \$5,000 in exchange for cash,
43 cash equivalents, tokens, chips, or plaques to enable the person to
44 take part in gaming or simulcast wagering activity as a player,
45 provided that:

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

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

- 1 (c) The check is made payable to the casino licensee;
- 2 (d) The check is dated but not post-dated;
- 3 (e) The patron's identity is established by examination of one of
- 4 the following: valid credit card, driver's license, passport, or other
- 5 form of identification credential which contains, at a minimum, the
- 6 patron's signature;
- 7 (f) The check is restrictively endorsed "For Deposit Only" to
- 8 the casino licensee's bank account and deposited on the next
- 9 banking day following the date of the transaction;
- 10 (g) The total amount of personal checks accepted by any one
- 11 licensee pursuant to this subsection that are outstanding at any time,
- 12 including the current check being submitted, does not exceed
- 13 \$5,000;
- 14 (h) The casino licensee has an approved system of internal
- 15 controls in place that will enable it to determine the amount of
- 16 outstanding personal checks received from any patron pursuant to
- 17 this subsection at any given point in time; and
- 18 (i) The casino licensee maintains a record of each such
- 19 transaction in accordance with regulations established by the
- 20 commission.
- 21 i. (Deleted by amendment, P.L.2004, c.128).
- 22 j. A person may request the commission to put that person's
- 23 name on a list of persons to whom the extension of credit by a
- 24 casino as provided in this section would be prohibited by submitting
- 25 to the commission the person's name, address, and date of birth. The
- 26 person does not need to provide a reason for this request. The
- 27 commission shall provide this list to the credit department of each
- 28 casino; neither the commission nor the credit department of a casino
- 29 shall divulge the names on this list to any person or entity other
- 30 than those provided for in this subsection. If such a person wishes
- 31 to have that person's name removed from the list, the person shall
- 32 submit this request to the commission, which shall so inform the
- 33 credit departments of casinos no later than three days after the
- 34 submission of the request.
- 35 k. (Deleted by amendment, P.L.2004, c.128).
- 36 (cf: P.L.2004, c.184, s.8)
- 37
- 38 18. Section 102 of P.L.1977, c.110 (C.5:12-102) is amended to
- 39 read as follows:
- 40 102. Junkets and Complimentary Services.
- 41 a. No junkets may be organized or permitted except in
- 42 accordance with the provisions of this act. No person may act as a
- 43 junket representative or junket enterprise except in accordance with
- 44 this section.
- 45 b. A junket representative employed by a casino licensee, an
- 46 applicant for a casino license or an affiliate of a casino licensee
- 47 shall be licensed as a casino employee in accordance with the
- 48 provisions of P.L.1977, c.110 (C.5:12-1 et seq.); provided,

1 however, that said licensee need not be a resident of this State. Any
2 person who holds a current and valid casino employee license may
3 act as a junket representative while employed by a casino licensee
4 or an affiliate. No casino licensee or applicant for a casino license
5 may employ or otherwise engage a junket representative who is not
6 so licensed.

7 c. Junket enterprises which, and junket representatives not
8 employed by a casino licensee or an applicant for a casino license
9 or by a junket enterprise who, are engaged in activities governed by
10 this section shall be subject to the provisions of subsection c. of
11 section 92 and subsection b. of section 104 of P.L.1977, c.110
12 (C.5:12-92 and 5:12-104) with regard to those activities, unless
13 otherwise directed by the commission pursuant to subsection k. of
14 this section. Such of the owners, management and supervisory
15 personnel, and other principal employees of a junket enterprise as
16 the commission may consider appropriate for qualification shall
17 qualify under the standards, except for residency, established for
18 qualification of a casino key employee under P.L.1977, c.110
19 (C.5:12-1 et seq.).

20 d. Prior to the issuance of any license required by this section,
21 an applicant for licensure shall submit to the jurisdiction of the
22 State of New Jersey and shall demonstrate to the satisfaction of the
23 commission that he is amenable to service of process within this
24 State. Failure to establish or maintain compliance with the
25 requirements of this subsection shall constitute sufficient cause for
26 the denial, suspension or revocation of any license issued pursuant
27 to this section.

28 e. Upon petition by the holder of a casino license, an applicant
29 for junket representative licensure may be issued a temporary
30 license by the commission, provided that:

- 31 (1) the applicant for licensure is employed by a casino licensee;
32 (2) the applicant for licensure has filed a completed application
33 as required by the commission;
34 (3) the division either certifies to the commission that the
35 completed application for licensure as specified in paragraph (2) of
36 this subsection has been in the possession of the division for at least
37 60 days or agrees to allow the commission to consider the
38 application in some lesser time; and
39 (4) the division does not object to the temporary licensure of the
40 applicant; provided, however, that failure of the division to object
41 prior to the temporary licensure of the applicant shall not be
42 construed to reflect in any manner upon the qualifications of the
43 applicant for licensure.

44 In addition to any other authority granted by P.L.1977, c.110
45 (C.5:12-1 et seq.), the commission shall have the authority, upon
46 receipt of a representation by the division that it possesses
47 information which raises a reasonable possibility that a junket
48 representative does not qualify for licensure, to immediately

1 suspend, limit or condition any temporary license issued pursuant to
2 this subsection, pending a hearing on the qualifications of the junket
3 representative, in accordance with the provisions of P.L.1977, c.110
4 (C.5:12-1 et seq.).

5 Unless otherwise terminated pursuant to P.L.1977, c.110
6 (C.5:12-1 et seq.), any temporary license issued pursuant to this
7 subsection shall expire 12 months from the date of its issuance, and
8 shall be renewable by the commission, in the absence of an
9 objection by the division, as specified in paragraph (4) of this
10 subsection, for one additional six-month period.

11 f. Every agreement concerning junkets entered into by a casino
12 licensee and a junket representative or junket enterprise shall be
13 deemed to include a provision for its termination without liability
14 on the part of the casino licensee, if the commission orders the
15 termination upon the suspension, limitation, conditioning, denial or
16 revocation of the licensure of the junket representative or junket
17 enterprise, in accordance with the provisions of P.L.1977, c.110
18 (C.5:12-1 et seq.). Failure to expressly include such a condition in
19 the agreement shall not constitute a defense in any action brought to
20 terminate the agreement.

21 g. A casino licensee shall be responsible for the conduct of any
22 junket representative or junket enterprise associated with it and for
23 the terms and conditions of any junket engaged in on its premises,
24 regardless of the fact that the junket may involve persons not
25 employed by such a casino licensee.

26 h. A casino licensee shall be responsible for any violation or
27 deviation from the terms of a junket. Notwithstanding any other
28 provisions of this act, the commission may, after hearings in
29 accordance with this act, order restitution to junket participants,
30 assess penalties for such violations or deviations, prohibit future
31 junkets by the casino licensee, junket enterprise or junket
32 representative, and order such further relief as it deems appropriate.

33 i. The commission shall, by regulation, prescribe methods,
34 procedures and forms for the delivery and retention of information
35 concerning the conduct of junkets by casino licensees. Without
36 limitation of the foregoing, each casino licensee, in accordance with
37 the rules of the commission, shall:

38 (1) Maintain on file a report describing the operation of any
39 junket engaged in on its premises;

40 (2) (Deleted by amendment, P.L.1995, c.18.).

41 (3) Submit to the commission and division a list of all its
42 employees who are acting as junket representatives.

43 j. Each casino licensee, junket representative or junket
44 enterprise shall, in accordance with the rules of the commission, file
45 a report with the division with respect to each list of junket patrons
46 or potential junket patrons purchased directly or indirectly by the
47 casino licensee, junket representative or enterprise.

48 k. The commission shall have the authority to determine, either

1 by regulation, or upon petition by the holder of a casino license,
2 that a type of arrangement otherwise included within the definition
3 of "junket" established by section 29 of P.L.1977, c.110 (C.5:12-29)
4 shall not require compliance with any or all of the requirements of
5 this section. The commission shall seek the opinion of the division
6 prior to granting any exemption. In granting exemptions, the
7 commission shall consider such factors as the nature, volume and
8 significance of the particular type of arrangement, and whether the
9 exemption would be consistent with the public policies established
10 by this act. In applying the provisions of this subsection, the
11 commission may condition, limit, or restrict any exemption as the
12 commission may deem appropriate.

13 1. No junket enterprise or junket representative or person
14 acting as a junket representative may:

15 (1) Engage in efforts to collect upon checks that have been
16 returned by banks without full and final payment;

17 (2) Exercise approval authority with regard to the authorization
18 or issuance of credit pursuant to section 101 of P.L.1977, c.110
19 (C.5:12-101);

20 (3) Act on behalf of or under any arrangement with a casino
21 licensee or a gaming patron with regard to the redemption,
22 consolidation, or substitution of the gaming patron's checks
23 awaiting deposit pursuant to subsection c. of section 101 of
24 P.L.1977, c.110 (C.5:12-101);

25 (4) Individually receive or retain any fee from a patron for the
26 privilege of participating in a junket;

27 (5) Pay for any services, including transportation, or other items
28 of value provided to, or for the benefit of, any patron participating
29 in a junket.

30 m. No casino licensee shall offer or provide any complimentary
31 services, gifts, cash or other items of value to any person unless:

32 (1) The complimentary consists of room, food, beverage ,
33 transportation, or entertainment expenses provided directly to the
34 patron and his guests by the licensee or indirectly to the patron and
35 his guests on behalf of a licensee by a third party; or

36 (2) [The complimentary consists of documented transportation
37 expenses provided directly to the patron and his guests by the
38 licensee or indirectly to the patron and his guests on behalf of a
39 licensee by a third party, provided that the licensee complies with
40 regulations promulgated by the commission to ensure that a patron's
41 and his guests' documented transportation expenses are paid for or
42 reimbursed only once] (~~Deleted by amendment, P.L. , c.~~)(pending
43 before the Legislature as this bill) ; or

44 (3) The complimentary consists of coins, tokens, cash or other
45 complimentary items or services provided through a bus coupon or
46 other complimentary distribution program which, notwithstanding
47 the requirements of section 99 of P.L.1977, c.110 (C.5:12-99), shall

1 be filed with the commission upon the implementation of the
2 program or maintained pursuant to commission regulation.

3 Notwithstanding the foregoing, a casino licensee may offer and
4 provide complimentary cash or noncash gifts which are not
5 otherwise included in paragraphs (1) ~~through~~ and (3) of this
6 subsection to any person, provided that any such gifts in excess of
7 \$2,000.00 ~~per trip~~, or such greater amount as the commission
8 may establish by regulation, are supported by documentation
9 regarding the reason the gift was provided to the patron and his
10 guests, including where applicable, a patron's player rating, which
11 documentation shall be maintained by the casino licensee. ~~For the~~
12 ~~purposes of this paragraph, all gifts presented to a patron and the~~
13 ~~patron's guests directly by the licensee or indirectly on behalf of the~~
14 ~~licensee by a third party within any five-day period shall be~~
15 ~~considered to have been made during a single trip.~~

16 Each casino licensee shall maintain a regulated complimentary
17 service account, for those complimentaries which are permitted
18 pursuant to this section, and shall submit a quarterly report to the
19 commission based upon such account and covering all
20 complimentary services offered or engaged in by the licensee
21 during the immediately preceding quarter. Such reports shall
22 include identification of the regulated complimentary services and
23 their respective costs, the number of persons by category of service
24 who received the same, and such other information as the
25 commission may require.

26 n. As used in this subsection, "person" means any State officer
27 or employee subject to financial disclosure by law or executive
28 order and any other State officer or employee with responsibility for
29 matters affecting casino activity; any special State officer or
30 employee with responsibility for matters affecting casino activity;
31 the Governor; any member of the Legislature or full-time member
32 of the Judiciary; any full-time professional employee of the Office
33 of the Governor, or the Legislature; members of the Casino
34 Reinvestment Development Authority; the head of a principal
35 department; the assistant or deputy heads of a principal department,
36 including all assistant and deputy commissioners; the head of any
37 division of a principal department; any member of the governing
38 body, or the municipal judge or the municipal attorney of a
39 municipality wherein a casino is located; any member of or attorney
40 for the planning board or zoning board of adjustment of a
41 municipality wherein a casino is located, or any professional
42 planner or consultant regularly employed or retained by such
43 planning board or zoning board of adjustment.

44 No casino applicant or licensee shall provide directly or
45 indirectly to any person any complimentary service or discount

1 which is other than such service or discount that is offered to
2 members of the general public in like circumstance.

3 o. Any person who, on the effective date of this 1992
4 amendatory act, P.L.1992, c.9, holds a current and valid plenary
5 junket representative license, a junket representative license with a
6 sole owner-operator endorsement, or a junket enterprise license
7 authorizing the conduct of junket activities, shall be considered
8 licensed in accordance with the provisions of this section and
9 subsection c. of section 92 of P.L.1977, c.110 (C.5:12-92) for the
10 remaining term of his current license.

11 (cf: P.L.2002, c.65, s.24)

12
13 19. Section 103 of P.L.1977, c.110 (C.5:12-103) is amended to
14 read as follows:

15 103. Alcoholic Beverages in Casino Hotel Facilities.

16 a. Notwithstanding any law to the contrary, the authority to
17 grant any license for, or to permit or prohibit the presence of,
18 alcoholic beverages in, on, or about any premises licensed as part of
19 a casino hotel shall exclusively be vested in the commission.

20 b. Unless otherwise stated, and except where inconsistent with
21 the purpose or intent of this act or the common understanding of
22 usage thereof, definitions contained in Title 33 of the Revised
23 Statutes shall apply to this section. Any definition contained
24 therein shall apply to the same word in any form.

25 c. Notwithstanding any provision of Title 33 of the Revised
26 Statutes, the rules, regulations and bulletins promulgated by the
27 director of the Division of Alcoholic Beverage Control, or any
28 provision promulgated by any local authority, the authority to issue,
29 renew, transfer, revoke or suspend a Casino Hotel Alcoholic
30 Beverage License or any portion, location, privilege or condition
31 thereof; to fine or penalize a Casino Hotel Alcoholic Beverage
32 Licensee; to enforce all statutes, laws, rulings, or regulations
33 relating to such license; and to collect license fees and establish
34 application standards therefor, shall be, consistent with this act,
35 exclusively vested in the commission or the division.

36 d. Except as otherwise provided in this section, the provisions
37 of Title 33 of the Revised Statutes and the rules, regulations and
38 bulletins promulgated by the Director of the Division of Alcoholic
39 Beverage Control shall apply to a Casino Hotel and Casino Hotel
40 Alcoholic Beverage Licensee licensed under this act.

41 e. Notwithstanding any provision to the contrary, the
42 commission may promulgate any regulations and special rulings
43 and findings as may be necessary for the proper enforcement,
44 regulation, and control of alcoholic beverages in casino hotels when
45 the commission finds that the uniqueness of casino operations and
46 the public interest require that such regulations, rulings, and
47 findings are appropriate. Regulations of the commission may
48 include but are not limited to: designation and duties of

1 enforcement personnel; all forms necessary or convenient in the
2 administration of this section; inspections, investigations, searches,
3 seizures; licensing and disciplinary standards; requirements and
4 standards for any hearings or disciplinary or other proceedings that
5 may be required from time to time; the assessment of fines or
6 penalties for violations; hours of sale; sales in original containers;
7 sales on credit; out-of-door sales; limitations on sales; gifts and
8 promotional materials; locations or places for sale; control of signs
9 and other displays; identification of licensees and their employees;
10 employment of aliens and minors; storage, transportation and
11 sanitary requirements; records to be kept by the Casino Hotel
12 Alcoholic Beverage Licensees and availability thereof; practices
13 unduly designed to increase consumption of alcoholic beverages;
14 and such other matters whatsoever as are or may become necessary
15 and consistent with the administration of this act.

16 f. (1) It shall be unlawful for any person, including any casino
17 licensee or any of its lessees, agents or employees, to expose for
18 sale, solicit or promote the sale of, possess with intent to sell, sell,
19 give, dispense, or otherwise transfer or dispose of alcoholic
20 beverages in, on or about any portion of the premises of a casino
21 hotel, unless said person possesses a Casino Hotel Alcoholic
22 Beverage License. Nothing herein or in any other law to the
23 contrary, however, shall prohibit a casino beverage server in the
24 course of his or her employment from inquiring of a casino patron
25 whether such patron desires a beverage, whether or not such inquiry
26 is phrased in terms of any word which may connote that the
27 beverage is an alcoholic beverage.

28 (2) It shall be unlawful for any person issued a Casino Hotel
29 Alcoholic Beverage License to expose, possess, sell, give, dispense,
30 transfer, or otherwise dispose of alcoholic beverages, other than
31 within the terms and conditions of the Casino Hotel Alcoholic
32 Beverage License issued, the provisions of Title 33 of the Revised
33 Statutes, the rules and regulations promulgated by the Director of
34 the Division of Alcoholic Beverage Control, and, when applicable,
35 the regulations promulgated pursuant to this act.

36 g. In issuing a Casino Hotel Alcoholic Beverage License the
37 commission shall describe the scope of the particular license and
38 the restrictions and limitations thereon as it deems necessary and
39 reasonable. The commission may, in a single Casino Hotel
40 Alcoholic Beverage License, permit the holder of such a license to
41 perform any or all of the following activities, subject to applicable
42 laws, rules and regulations:

43 (1) To sell any alcoholic beverage by the glass or other open
44 receptacle including, but not limited to, an original container, for
45 on-premise consumption within a casino or simulcasting facility;
46 provided, however, that no alcoholic beverage shall be sold or given
47 for consumption; delivered or otherwise brought to a patron; or
48 consumed at a gaming table unless so requested by the patron.

1 (2) To sell any alcoholic beverage by the glass or other open
2 receptacle for on-premise consumption within a casino hotel, but
3 not in a casino or simulcasting facility, or from a fixed location
4 outside a building or structure containing a casino but on a casino
5 hotel premises.

6 (3) To sell any alcoholic beverage in original containers for
7 consumption outside the licensed area from an enclosed package
8 room not in a casino or simulcasting facility.

9 (4) To sell any alcoholic beverage by the glass or other open
10 receptacle or in original containers from a room service location
11 within an enclosed room not in a casino or simulcasting facility;
12 provided, however, that any sale of alcoholic beverages is delivered
13 only to a guest room or to any other room in the casino hotel
14 authorized by the commission, other than any room authorized by
15 the commission pursuant to paragraph (1), (3), or (5) of this
16 subsection.

17 (5) To possess or to store alcoholic beverages in original
18 containers intended but not actually exposed for sale at a fixed
19 location on a casino hotel premises, not in a casino or simulcasting
20 facility; and to transfer or deliver such alcoholic beverages only to a
21 location approved pursuant to this section; provided, however, that
22 no access to or from a storage location shall be permitted except
23 during the normal course of business by employees or agents of the
24 licensee, or by licensed employees or agents of wholesalers or
25 distributors licensed pursuant to Title 33 of the Revised Statutes and
26 any applicable rules and regulations; and provided further, however,
27 that no provision of this section shall be construed to prohibit a
28 Casino Hotel Alcoholic Beverage Licensee from obtaining an off-
29 site storage license from the Division of Alcoholic Beverage
30 Control.

31 h. (1) No Casino Hotel Alcoholic Beverage License which
32 authorizes the sale of alcoholic beverages within a casino pursuant
33 to subsection g.(1) of this section shall issue to any applicant who
34 does not hold a casino license issued pursuant to this act.

35 (2) No Casino Hotel Alcoholic Beverage License which
36 authorizes the possession, sale or storage of alcoholic beverages
37 pursuant to subsection g.(2), (3), (4), or (5) of this section shall
38 issue to any applicant who would not qualify under the standards
39 for licensure of a casino service industry enterprise pursuant to
40 subsection c. of section 92 of P.L.1977, c.110 (C.5:12-92).

41 (3) No Casino Hotel Alcoholic Beverage License which
42 authorizes the possession or storage of alcoholic beverages pursuant
43 to subsection g. of this section shall issue to any applicant who does
44 not hold a Casino Hotel Alcoholic Beverage License, permitting
45 any activity pursuant to subsection g.(1), (2), (3), or (4) of this
46 section.

47 i. The commission may revoke, suspend, refuse to renew or
48 refuse to transfer any Casino Hotel Alcoholic Beverage License, or

1 fine or penalize any Casino Hotel Alcoholic Beverage Licensee for
2 violations of any provision of Title 33 of the Revised Statutes, the
3 rules and regulations promulgated by the Director of the Division of
4 Alcoholic Beverage Control, and the regulations promulgated by
5 the commission.

6 j. Jurisdiction over all alcoholic beverage licenses previously
7 issued with respect to the casino hotel facility is hereby vested in
8 the commission, which in its discretion may by regulation provide
9 for the conversion thereof into a Casino Hotel Alcoholic Beverage
10 License as provided in this section.
11 (cf: P.L.2002, c.65, s.25)

12

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

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

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

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

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

1 (4) Agreements to lease an approved casino hotel or the land
2 thereunder and agreements for the complete management of all
3 casino gaming operations in a casino hotel shall not be subject to
4 the provisions of this subsection but shall rather be subject to the
5 provisions of subsections b. and c. of section 82 of this act.

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

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

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

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

45 (9) Written agreements relating to the operation of multi-casino
46 progressive slot machine systems between one or more casino
47 licensees and a casino service industry enterprise licensed pursuant
48 to the provisions of subsection a. of section 92 of P.L.1977, c.110

1 (C.5:12-92), or an eligible applicant for such license, which provide
2 for an interest, percentage or share of the casino licensee's revenues,
3 profits or earnings from the operation of such multi-casino
4 progressive slot machines to be paid to the casino service industry
5 enterprise licensee or applicant shall not be subject to the provisions
6 of this subsection if the agreements are filed with and approved by
7 the commission.

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

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

48 Every agreement required to be maintained, and every related

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

15 For the purposes of this subsection, "casino applicant" includes
16 any person required to hold a casino license pursuant to section 82
17 of P.L.1977, c.110 (C.5:12-82) who has applied to the commission
18 for a casino license or any approval required under P.L.1977, c.110
19 (C.5:12-1 et seq.).

20 c. Nothing in this act shall be deemed to permit the transfer of
21 any license, or any interest in any license, or any certificate of
22 compliance or any commitment or reservation.

23 (cf: P.L.2005, c.31, s.4)

24

25 21. Section 106 of P.L.1977, c.110 (C.5:12-106) is amended to
26 read as follows:

27 106. Casino Employment.

28 a. A casino licensee shall not appoint or employ in a position
29 requiring a casino key employee license, a casino employee license,
30 or a casino service employee registration any person not possessing
31 a current and valid license or registration permitting such
32 appointment or employment.

33 b. A casino licensee shall, within 24 hours of receipt of written
34 or electronically transferred notice thereof, terminate the
35 appointment or employment of any person whose license or
36 registration has been revoked or has expired. A casino licensee shall
37 comply in all respects with any order of the commission imposing
38 limitations or restrictions upon the terms of employment or
39 appointment in the course of any investigation or hearing.

40 c. An applicant for or a holder of a casino key employee
41 license or a casino employee license whose application is denied or
42 whose licensure is revoked, as the case may be, shall not, in
43 addition to any restrictions imposed by the regulations of the
44 commission on a reapplication for licensure, be employed by a
45 casino licensee in a position that does not require a license until five
46 years have elapsed from the date of the denial or revocation, except

1 that the commission may permit such employment upon good cause
2 shown.

3 d. A holder of a casino service employee registration whose
4 registration is revoked, in addition to any restrictions imposed by
5 the regulations of the commission on a reapplication for licensure or
6 registration, shall not be employed by a casino licensee in a position
7 that does not require a license or registration until five years have
8 elapsed from the date of revocation, except that the commission
9 may permit such employment upon good cause shown.

10 (cf: P.L.1995, c.18, s.40)

11

12 22. Section 121 of P.L.1977, c.110 (C.5:12-121) is amended to
13 read as follows:

14 121. Authority of Gaming Licensee and Agents to Detain or
15 Question Persons [Suspected of Cheating]; Immunity from
16 Liability; Posted Notice Required.

17 a. Any licensee or its officers, employees or agents may
18 question any individual in the casino or simulcasting facility or
19 elsewhere in the establishment who is reasonably suspected of
20 violating any of the provisions of sections 113 through 116 of
21 P.L.1977, c.110 (C.5:12-113 through 116) [or of], section 46 of
22 P.L.1991, c.182 (C.5:12-113.1), section 118 of P.L. 1977, c.110
23 (C.5:12-118), section 119 of P.L. 1977, c.110 (C.5:12-119) or
24 R.S.33:1-81 pursuant to subsection d. of section 103 of P.L.1977,
25 c.110 (C.5:12-103). No licensee or its officers, employees or agents
26 shall be criminally or civilly liable by reason of any such
27 questioning.

28 b. Any licensee or its officers, employees or agents who shall
29 have probable cause for believing there has been a violation of
30 sections 113 through 116 of P.L.1977, c.110 (C.5:12-113 through
31 116) [or of], section 46 of P.L.1991, c.182 (C.5:12-113.1), section
32 118 of P.L. 1977, c.110 (C.5:12-118), section 119 of P.L. 1977,
33 c.110 (C.5:12-119) or R.S.33:1-81 pursuant to subsection d. of
34 section 103 of P.L.1977, c.110 (C.5:12-103) in the casino or
35 simulcasting facility by any person may refuse to permit such
36 person to continue gaming or wagering or may take such person
37 into custody and detain him in the establishment in a reasonable
38 manner for a reasonable length of time, for the purpose of notifying
39 law enforcement or commission authorities. Such refusal or taking
40 into custody and detention shall not render such licensee or its
41 officers, employees or agents criminally or civilly liable for false
42 arrest, false imprisonment, slander or unlawful detention, unless
43 such refusal or such taking into custody or detention is
44 unreasonable under all of the circumstances.

45 c. No licensee or [his] its officers, employees or agents shall
46 be entitled to any immunity from civil or criminal liability provided
47 in this section unless there is displayed in a conspicuous manner in

1 the casino and, if applicable, the simulcasting facility a notice in
2 bold face type clearly legible and in substantially this form:

3 "Any gaming licensee or officer, employee or agent thereof who
4 has probable cause for believing that any person is violating any of
5 the provisions of the Casino Control Act prohibiting cheating or
6 swindling in gaming or simulcast wagering, underage gambling,
7 underage drinking, the unauthorized presence on the casino floor or
8 simulcasting facility by an underage person, or the presence in the
9 casino establishment of a person excluded pursuant to the
10 provisions of section 71 of P.L.1977, c.110 (C:5:12-71), may detain
11 such person in the establishment for the purpose of notifying [a
12 police officer] law enforcement or Casino Control Commission
13 authorities."

14 (cf: P.L.1993, c.292, s.31)

15

16 23. Section 134 of P.L.1977, c.110 (C.5:12-134) is amended to
17 read as follows:

18 134. a. Each applicant at the time of submitting architectural
19 plans or site plans to the commission for approval of proposed
20 construction, renovation or reconstruction of any structure or
21 facility to be used as an approved hotel or casino shall accompany
22 same with a written guaranty that all contracts and subcontracts to
23 be awarded in connection therewith shall contain appropriate
24 provisions by which contractors and subcontractors or their
25 assignees agree to afford an equal employment opportunity to all
26 prospective employees and to all actual employees to be employed
27 by the contractor or subcontractor in accordance with an affirmative
28 action program approved by the commission and consonant with the
29 provisions of the "Law Against Discrimination," P.L.1945, c.169
30 (C.10:5-1 et seq.). On and after the effective date of this
31 amendatory act an applicant shall also be required to demonstrate
32 that equal employment opportunities in accordance with the
33 aforesaid affirmative-action program in compliance with P.L.1945,
34 c.169 have been afforded to all prospective employees and to all
35 actual employees employed by a contractor or subcontractor in
36 connection with the actual construction, renovation or
37 reconstruction of any structure or facility to be used as an approved
38 hotel or casino prior to submission of architectural plans or site
39 plans to the commission.

40 b. No license shall be issued by the commission to any
41 applicant, including a casino service industry enterprise as defined
42 in section 12 of this act, who has not agreed to afford an equal
43 employment opportunity to all prospective employees in accordance
44 with an affirmative-action program approved by the commission
45 and consonant with the provisions of the "Law Against
46 Discrimination," P.L.1945, c.169 (C.10:5-1 et seq.).

47 c. Each applicant shall formulate for commission approval and

1 abide by an affirmative-action program of equal opportunity
2 whereby the applicant guarantees to provide equal employment
3 opportunity to rehabilitated offenders eligible under sections 90 and
4 91 of this act and members of minority groups qualified for
5 licensure in all employment categories, including a person with a
6 disability, in accordance with the provisions of the "Law Against
7 Discrimination," P.L.1945, c.169 (C.10:5-1 et seq.), except in the
8 case of the mentally handicapped, if it can be clearly shown that
9 such disability would prevent such person from performing a
10 particular job.

11 d. Any license issued by the commission in violation of this
12 section shall be null and void.

13 (cf: P.L.2003, c.180, s.2)

14

15 24. (New section) Expiration of gaming-related obligations
16 owed to patrons; date of expiration; payment to Casino Revenue
17 Fund.

18 a. Whenever a casino licensee owes a patron a specific amount
19 of money as the result of a gaming transaction which remains
20 unpaid due to the failure of the patron to claim the money or redeem
21 a representation of the debt issued in a form approved by the
22 commission, regardless of whether the identity of the patron is
23 known, the casino licensee shall maintain a record of the obligation
24 in accordance with the rules of the commission.

25 b. If the patron does not claim the money or redeem the
26 representation of debt within one year of the date of the transaction,
27 which date shall be established in accordance with the rules of the
28 commission, the obligation of the casino licensee to pay the patron
29 shall expire, and 25% of the money or the value of the debt shall be
30 paid to the Casino Revenue Fund by the casino licensee, and the
31 remaining 75% shall be retained by the casino licensee, provided
32 the licensee uses the full amount for marketing purposes.
33 Notwithstanding the foregoing, if the obligation was incurred or the
34 representation of debt was issued prior to the effective date of this
35 act, P.L. , c. (pending before the Legislature as this bill), the
36 obligation of the casino licensee to pay the patron shall expire one
37 year after such effective date, at which time 50% of the money or
38 the value of the debt shall be paid to the Casino Revenue Fund,
39 subject to a credit for the payment required to be made to that fund
40 on or before June 30, 2009 by the casino licensee pursuant to
41 subsection c. of this section, and 50% shall be retained by the
42 casino licensee.

43 c. Each casino licensee shall, on or before June 30, 2009, make
44 a payment to the Casino Revenue Fund in an amount equal to 25%
45 of the value of the money or debt owed to its patrons as a result of
46 gaming transactions that occurred more than one year prior to the
47 effective date of this act, P.L. , c. (pending before the
48 Legislature as this bill). This payment shall be credited towards the

1 total obligation of the casino licensee to make payments to the
2 Casino Revenue Fund in an amount equal to 50% of the value of
3 expired gaming related obligations pursuant to subsection b. of this
4 section.

5

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

8 145. a. There is hereby created and established in the Department
9 of the Treasury a separate special account to be known as the
10 "Casino Revenue Fund," into which shall be deposited all revenues
11 from the tax imposed by section 144 of this act; the investment
12 alternative tax imposed by section 3 of P.L.1984, c.218 (C.5:12-
13 144.1); the taxes and fees imposed by sections 3, 4 and 6 of
14 P.L.2003, c.116 (C.5:12-148.1, C.5:12-148.2 and C.5:12-145.8) and
15 any interest and penalties imposed by the commission relating to
16 those taxes; the percentage of the value of expired gaming related
17 obligations pursuant to section 24 of P.L. , c. (C.) (pending
18 before the Legislature as this bill); and all penalties levied and
19 collected by the commission pursuant to P.L.1977, c.110 (C.5:12-1
20 et seq.) and the regulations promulgated thereunder, except that the
21 first \$600,000 in penalties collected each fiscal year shall be paid
22 into the General Fund for appropriation by the Legislature to the
23 Department of Health and Senior Services, \$500,000 of which is to
24 provide funds to the Council on Compulsive Gambling of New
25 Jersey and \$100,000 of which is to provide funds for compulsive
26 gambling treatment programs in the State. In the event that less
27 than \$600,000 in penalties are collected, the Department of Health
28 and Senior Services shall determine the allocation of funds between
29 the Council and the treatment programs eligible under the criteria
30 developed pursuant to section 2 of P.L.1993, c.229 (C.26:2-169).

31 b. The commission shall require at least monthly deposits by
32 the licensee of the tax established pursuant to subsection a. of
33 section 144 of P.L.1977, c.110 (C.5:12-144), at such times, under
34 such conditions, and in such depositories as shall be prescribed by
35 the State Treasurer. The deposits shall be deposited to the credit of
36 the Casino Revenue Fund. The commission may require a monthly
37 report and reconciliation statement to be filed with it on or before
38 the 10th day of each month, with respect to gross revenues and
39 deposits received and made, respectively, during the preceding
40 month.

41 c. Moneys in the Casino Revenue Fund shall be appropriated
42 exclusively for reductions in property taxes, rentals, telephone, gas,
43 electric, and municipal utilities charges of eligible senior citizens
44 and disabled residents of the State, and for additional or expanded
45 health services or benefits or transportation services or benefits to
46 eligible senior citizens and disabled residents, as shall be provided
47 by law. On or about March 15 and September 15 of each year, the
48 State Treasurer shall publish in at least 10 newspapers circulating

1 generally in the State a report accounting for the total revenues
2 received in the Casino Revenue Fund and the specific amounts of
3 money appropriated therefrom for specific expenditures during the
4 preceding six months ending December 31 and June 30.
5 (cf: P.L.2004, c.128, s.2)

6
7 26. Section 4 of P.L.2003, c.116 (C.5:12-148.2) is amended to
8 read as follows:

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

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

27 c. The commission shall administer the tax imposed pursuant
28 to this section. The tax imposed by this section, and any interest or
29 penalties imposed by the commission relating to that tax, shall be
30 deposited by the State Treasurer into the Casino Revenue Fund
31 established pursuant to section 145 of P.L.1977, c.110 (C.5:12-
32 145).

33 d. A casino service industry enterprise licensee or applicant
34 required to pay the tax imposed pursuant to this section shall, on or
35 before the 28th day of the month, forward to the State Treasurer the
36 tax owed on casino service industry multi-casino progressive slot
37 machine revenue received by the casino service industry enterprise
38 licensee or applicant in the preceding month and make and file a
39 return for the preceding month with the commission on any form
40 and containing any information as the commission shall prescribe
41 by rule or regulation as necessary to determine liability for the tax
42 in the preceding month during which the person was required to pay
43 the tax.

44 e. The commission may permit or require returns to be made
45 covering other periods and upon any dates as the commission may
46 specify. In addition, the commission may require payments of tax
47 liability to the State Treasurer at any intervals and based upon any
48 classifications as the commission may designate. In prescribing any

1 other periods to be covered by the return or intervals or
2 classifications for payment of tax liability, the commission may
3 take into account the dollar volume of tax involved as well as the
4 need for ensuring the prompt and orderly collection of the tax
5 imposed.

6 f. The commission may require amended returns to be filed
7 within 20 days after notice and to contain the information specified
8 in the notice.

9 g. (Deleted by amendment, P.L.2004, c.128).

10 (cf: P.L.2004, c.128, s.5)

11
12 27. Section 9 of P.L.1992, c.19 (C.5:12-199) is amended to read
13 as follows:

14 9. A casino which chooses to conduct casino simulcasting and
15 which operates a simulcasting facility may, with the approval of
16 both the New Jersey Racing Commission and the New Jersey
17 Casino Control Commission, also receive simulcast horse races
18 conducted at out-of-State sending tracks in accordance with the
19 provisions of this act and any applicable regulations of these
20 commissions and joint regulations of these commissions
21 promulgated pursuant to this act.

22 In order to be eligible to participate in casino simulcasting, an
23 out-of-State sending track shall be approved by the New Jersey
24 Racing Commission and be subject to licensure by the Casino
25 Control Commission as a casino service industry enterprise
26 pursuant to subsection c. of section 92 of P.L.1977, c.110 (C.5:12-
27 92). The approval of the New Jersey Racing Commission shall only
28 be granted when that commission, in its discretion and after
29 consideration of the interests of the casino making application,
30 determines that approval is in the best interest of the public and the
31 racing industry in New Jersey.

32 (cf: P.L.1992, c.19, s.9)

33
34 28. Section 11 of P.L.1992, c.19 (C.5:12-201) is amended to
35 read as follows:

36 11. a. Except as provided in subsection b. of this section, a
37 casino which receives a simulcast horse race from an out-of-State
38 sending track shall not pay the out-of-State sending track for the
39 transmission an amount equal to more than ~~[3%]~~ 3.5% of the
40 parimutuel pool on each race. If the casino negotiates an agreement
41 to pay the out-of-State sending track an amount equal to less than
42 ~~[3%]~~ 3.5% of the parimutuel pool, the casino shall be entitled to
43 retain the difference between the amount agreed upon and ~~[3%]~~
44 3.5%.

45 b. Subject to the approval of the New Jersey Racing
46 Commission and with respect to no more than 28 races per casino
47 per calendar year, plus the number of races run annually at the

1 Breeders' Cup World Championships, a casino may pay an out-of-
2 State sending track an amount equal to not more than 6% of the
3 parimutuel pool for the transmission of a race. If the casino
4 negotiates an agreement to pay the out-of-State sending track an
5 amount equal to less than 6% of the parimutuel pool, the casino
6 shall be entitled to retain the difference between the amount agreed
7 upon and 6%.
8 (cf: P.L.2001, c.198, s.2)
9

10 29. Section 13 of P.L.1992, c.19 (C.5:12-203) is amended to
11 read as follows:

12 13. Sums wagered at a casino on races being transmitted to that
13 casino from an out-of-State sending track shall be subject to the
14 takeout rate determined pursuant to section 12 of this act, and the
15 sums resulting from that takeout rate as applied to the parimutuel
16 pool generated at the casino shall be distributed as follows, subject
17 to the provisions of section 16 of this act:

18 a. .50% of the parimutuel pool generated at the casino shall be
19 paid to the New Jersey Racing Commission for deposit in the
20 Casino Simulcasting Fund established pursuant to section 18 of this
21 act;

22 b. ~~3%~~ 3.5%, or if applicable 6%, of the parimutuel pool
23 generated at the casino shall be paid to the casino to be used for
24 payment to the out-of-State sending track for the transmission of the
25 race, as provided in section 11 of this act;

26 c. in calendar years 1993, 1994, and 1995, 2% of the
27 parimutuel pool generated at the casino shall be paid to the New
28 Jersey Racing Commission for payment to the Atlantic City
29 Racetrack until a total of \$100,000,000 in parimutuel pools has
30 been generated in wagering on simulcast races at all casinos in each
31 of those calendar years, except that if casino simulcasting in
32 Atlantic City begins after January 1, 1993 and before January 1,
33 1994, 2% of the parimutuel pool generated at the casino shall be
34 paid to the commission for payment to the Atlantic City Racetrack
35 until that portion of \$100,000,000 determined by the following
36 formula has been generated in wagering at casinos on simulcast
37 races in 1993:

38
39
$$A = C$$

40

41
42
$$B \ D$$

43
44 here: A = 365 minus (a) the number of racing days in 1993, other
45 than live racing days, prior to the commencement of casino
46 simulcasting in Atlantic City that the Atlantic City Racetrack
47 conducts simulcasting under the provisions of the "Simulcasting
48 Racing Act," P.L.1985, c.269 (C.5:5-110 et seq.) or the provisions

1 of section 37 of P.L.1992, c.19 (C.5:5-125),and (b) the number of
2 live racing days conducted by the Atlantic City Racetrack in 1993;

3 B = 365 (the number of calendar days in 1993);

4 C = the amount of the parimutuel pool generated in wagering on
5 simulcast races in 1993 of which 2% is to be paid to the New Jersey
6 Racing Commission for payment to the Atlantic City Racetrack;

7 D = \$100,000,000;

8 d. of the amount remaining after the deduction of the amounts
9 under subsections a., b., and c. from the amount of the takeout rate,
10 65% shall be paid to the casino during the first 18 months after the
11 effective date of this act; 60% shall be paid to the casino during the
12 next succeeding 12 months after that 18-month period; 55% shall be
13 paid to the casino during the next succeeding 12 months after that
14 12-month period; and 50% shall be paid to the casino commencing
15 with the 43rd month after the effective date; except that if, at any
16 time during the 42-month period following the effective date,
17 wagering on sports events is authorized by law and a casino
18 commences such wagering, 50% shall be paid to the casino upon
19 the commencement of such wagering by that casino;

20 e. .50% of the parimutuel pool generated at the casino shall be
21 paid to the New Jersey Racing Commission and shall be deposited
22 by that commission as follows:

23 (1) 50% in the special trust account established pursuant to or
24 specified in section 46a.(2) of P.L.1940, c.17 (C.5:5-66), section 2b.
25 of P.L.1984, c.236 (C.5:5-66.1), section 5a.(1) of P.L.1982, c.201
26 (C.5:5-98), or section 7f.(1)(a) of P.L.1971, c.137 (C.5:10-7), as
27 appropriate, for use and distribution as provided in section
28 46a.(2)(a), (b), and (c) of P.L.1940, c.17 (C.5:5-66), section 2b.(1),
29 (2), and (3) of P.L.1984, c.236 (C.5:5-66.1), section 5a.(1)(a), (b),
30 and (c) of P.L.1982, c.201 (C.5:5-98), or section 7f.(1)(a)(i), (ii),
31 and (iii) of P.L.1971, c.137 (C.5:10-7), as appropriate; and

32 (2) 50% in the special trust account established pursuant to or
33 specified in section 46b.(1)(e) and (2)(e) of P.L.1940, c.17 (C.5:5-
34 66), section 5b.(3) of P.L.1982, c.201 (C.5:5-98), or section
35 7f.(2)(c) of P.L.1971, c.137 (C.5:10-7), as appropriate, for use and
36 distribution as provided therein;

37 f. .03% of the parimutuel pool generated at the casino shall be
38 paid to the New Jersey Racing Commission and set aside in the
39 special trust account for horse breeding and development for
40 distribution and use as provided in section 5 of P.L.1967, c.40
41 (C.5:5-88); and

42 g. the amount remaining after the deduction of the amounts
43 under subsections a., b., c., d., e., and f. from the amount of the
44 takeout rate shall be distributed as follows:

45 (1) 43% of that remaining amount shall be paid to the New
46 Jersey Racing Commission and shall be distributed by that

1 commission, on the basis of the following formula, among the New
2 Jersey racetracks for their own use:

$$\begin{array}{r}
3 \\
4 \qquad \qquad \qquad A = C \\
5 \\
6 \qquad \qquad \qquad \dots\dots\dots \\
7 \\
8 \qquad \qquad \qquad B \ D \\
9
\end{array}$$

10 here: A = the gross parimutuel pool generated at each racetrack
11 during the preceding calendar year, including the parimutuel pool
12 on simulcast races;

13 B = the gross parimutuel pool generated at racetracks Statewide
14 during the preceding calendar year, including the parimutuel pool
15 on simulcast races;

16 C = the amount to be paid to each racetrack from the moneys
17 available for distribution pursuant to this paragraph;

18 D = the total amount of moneys available for distribution
19 pursuant to this paragraph;

20 (2) 43% of that remaining amount shall be paid to the New
21 Jersey Racing Commission and, subject to the provisions of section
22 14 of this act, shall be distributed by that commission, in the
23 following year and on the basis of the following formula, among the
24 New Jersey racetracks for payment as purse money and for
25 programs designed to aid horsemen and horsemen's organizations as
26 provided in section 46a.(4) of P.L.1940, c.17 (C.5:5-66), section 2d.
27 of P.L.1984, c.236 (C.5:5-66.1), section 5a.(2) of P.L.1982, c.201
28 (C.5:5-98), or section 7f.(1)(b) of P.L.1971, c.137 (C.5:10-7), in the
29 case of harness races, and section 46b.(1)(d) or 46b.(2)(d) of
30 P.L.1940, c.17 (C.5:5-66), section 5b.(2) of P.L.1982, c.201 (C.5:5-
31 98), or section 7f.(2)(b) of P.L.1971, c.137 (C.5:10-7), in the case
32 of running races:

$$\begin{array}{r}
33 \\
34 \qquad \qquad \qquad A = C \\
35 \\
36 \qquad \qquad \qquad \dots\dots\dots \\
37 \\
38 \qquad \qquad \qquad B \ D \\
39
\end{array}$$

40 here: A = the total amount distributed by each racetrack pursuant to
41 section 46a.(4) of P.L.1940, c.17 (C.5:5-66), section 2d. of
42 P.L.1984, c.236 (C.5:5-66.1), section 5a.(2) of P.L.1982, c.201
43 (C.5:5-98), or section 7f.(1)(b) of P.L.1971, c.137 (C.5:10-7), in the
44 case of harness races, or section 46b.(1)(d) or 46b.(2)(d) of
45 P.L.1940, c.17 (C.5:5-66), section 5b.(2) of P.L.1982, c.201 (C.5:5-
46 98), or section 7f.(2)(b) of P.L.1971, c.137 (C.5:10-7), in the case
47 of running races, during the preceding calendar year, plus any
48 additional amounts paid out by each racetrack for overnight purses

1 during the preceding calendar year from the permit holder's share of
2 the parimutuel pool;

3 B = the total amount distributed by racetracks Statewide pursuant
4 to section 46a.(4) of P.L.1940, c.17 (C.5:5-66), section 2d. of
5 P.L.1984, c.236 (C.5:5-66.1), section 5a.(2) of P.L.1982, c.201
6 (C.5:5-98), and section 7f.(1)(b) of P.L.1971, c.137 (C.5:10-7), in
7 the case of harness races, and pursuant to section 46b.(1)(d) and
8 46b.(2)(d) of P.L.1940, c.17 (C.5:5-66), section 5b.(2) of P.L.1982,
9 c.201 (C.5:5-98), and section 7f.(2)(b) of P.L.1971, c.137 (C.5:10-
10 7), in the case of running races, during the preceding calendar year,
11 plus any additional amounts paid out by racetracks for overnight
12 purses during the preceding calendar year from the permit holders'
13 share of the parimutuel pool;

14 C = the amount to be paid to each racetrack from the moneys
15 available for distribution pursuant to this paragraph;

16 D = the total amount of moneys available for distribution
17 pursuant to this paragraph; and

18 (3) 14% of that remaining amount shall be paid to the New
19 Jersey Racing Commission for deposit in the Casino Simulcasting
20 Special Fund established pursuant to section 15 of this act.

21 In addition, all breakage moneys and outstanding parimutuel
22 ticket moneys resulting from the wagering at the casino shall be
23 paid to the New Jersey Racing Commission and deposited in the
24 Casino Simulcasting Special Fund.

25 If a racetrack conducts both harness races and running races, the
26 moneys the racetrack receives for payment pursuant to paragraph
27 (2) of subsection g. above shall be distributed on the basis of the
28 following formula:

29
30
$$A = C$$

31

32
$$B D$$

33
34 here: A = the total amount distributed by the racetrack pursuant to
35 section 46a.(4) of P.L.1940, c.17 (C.5:5-66), section 2d. of
36 P.L.1984, c.236 (C.5:5-66.1), section 5a.(2) of P.L.1982, c.201
37 (C.5:5-98), or section 7f.(1)(b) of P.L.1971, c.137 (C.5:10-7), as
38 appropriate, in the case of harness races, plus any additional
39 amounts paid out by the racetrack for overnight purses for harness
40 races during the preceding calendar year from the permit holder's
41 share of the parimutuel pool, or pursuant to section 46b.(1)(d) or
42 46b.(2)(d) of P.L.1940, c.17 (C.5:5-66), section 5b.(2) of P.L.1982,
43 c.201 (C.5:5-98), or section 7f.(2)(b) of P.L.1971, c.137 (C.5:10-7),
44 as appropriate, in the case of running races, plus any additional
45 amounts paid out by the racetrack for overnight purses for running
46 races during the preceding calendar year from the permit holder's
47 share of the parimutuel pool, as the case may be;

48 B = the total amount distributed by the racetrack pursuant to

1 section 46a.(4) of P.L.1940, c.17 (C.5:5-66), section 2d. of
2 P.L.1984, c.236 (C.5:5-66.1), section 5a.(2) of P.L.1982, c.201
3 (C.5:5-98), or section 7f.(1)(b) of P.L.1971, c.137 (C.5:10-7), as
4 appropriate, and pursuant to section 46b.(1)(d) or 46b.(2)(d) of
5 P.L.1940, c.17 (C.5:5-66), section 5b.(2) of P.L.1982, c.201 (C.5:5-
6 98), or section 7f.(2)(b) of P.L.1971, c.137 (C.5:10-7), as
7 appropriate, plus any additional amounts paid out by the racetrack
8 for overnight purses for both harness and running races during the
9 preceding calendar year from the permit holder's share of the
10 parimutuel pool;

11 C = the amount to be paid by the racetrack for overnight purse
12 money and for programs designed to aid horsemen and horsemen's
13 organizations as provided in section 46a.(4) of P.L.1940, c.17
14 (C.5:5-66), section 2d. of P.L.1984, c.236 (C.5:5-66.1), section
15 5a.(2) of P.L.1982, c.201 (C.5:5-98), or section 7f.(1)(b) of
16 P.L.1971, c.137 (C.5:10-7), in the case of harness races, and section
17 46b.(1)(d) or 46b.(2)(d) of P.L.1940, c.17 (C.5:5-66), section 5b.(2)
18 of P.L.1982, c.201 (C.5:5-98), or section 7f.(2)(b) of P.L.1971,
19 c.137 (C.5:10-7), in the case of running races;

20 D = the total amount of moneys available to the racetrack for
21 distribution as overnight purse money and for programs designed to
22 aid horsemen and horsemen's organizations pursuant to this
23 paragraph.

24 (cf: P.L.1992, c.199, s.1)

25

26 30. Section 5 of P.L.1988, c.20 (C.5:2A-14.1) is amended to
27 read as follows:

28 5. No promoter shall hold or conduct any public boxing,
29 wrestling, extreme wrestling, kick boxing or combative sports
30 exhibition, event, performance or contest in a casino hotel which is
31 licensed pursuant to or is an applicant for licensure pursuant to the
32 "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.) unless the
33 promoter is licensed as a casino service industry enterprise or is an
34 applicant for licensure as a casino service industry enterprise
35 pursuant to the "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et
36 seq.) or is registered as a vendor in accordance with the rules and
37 regulations promulgated by the Casino Control Commission.
38 Within one year of the effective date of this act, all seconds and
39 managers and all promoters, other than those promoters who are
40 applicants for licensure or who are licensed as a casino service
41 industry enterprise under section 92 of P.L.1977, c.110 (C.5:12-92)
42 or who are registered as vendors in accordance with the rules and
43 regulations promulgated by the Casino Control Commission, shall
44 undergo background checks conducted by the State Athletic Control
45 Board prior to holding, conducting or participating in any public
46 boxing, wrestling, extreme wrestling, kick boxing or combative
47 sports exhibition, event, performance or contest in this State. Those
48 promoters who are subject to background checks by the State

1 Athletic Control Board pursuant to this section shall bear the costs
2 involved in the conduct of such background checks.

3 The State Athletic Control Board may incur such expenses as are
4 reasonable and necessary in conducting a background check
5 authorized by this section. An amount equivalent to the expenses
6 incurred shall be assessed as a fee against a promoter who is the
7 subject of a background check by the State Athletic Control Board
8 pursuant to this section and shall be collected by the State Athletic
9 Control Board. The amount collected shall be deposited in a special
10 account in the General Fund and this amount is hereby appropriated
11 to the State Athletic Control Board in the Department of Law and
12 Public Safety to reimburse the board for expenses incurred in
13 conducting the background check.

14 The State Athletic Control Board shall promulgate rules and
15 regulations governing the nature of and procedures concerning
16 background checks to be conducted by the board pursuant to this
17 section.

18 (cf: P.L.2000, c.124, s.12)

19

20 31. Section 5 of P.L.1997, c.36 (C.5:2A-14.3) is amended to
21 read as follows:

22 5. No person, club, corporation, or association, and in the case
23 of a corporation no officer, director, employee or stockholder
24 thereof, who produces, arranges or stages any professional
25 wrestling event or exhibition shall hold or conduct such an event or
26 exhibition in a casino hotel which is licensed pursuant to or is an
27 applicant for licensure pursuant to the "Casino Control Act,"
28 P.L.1977, c.110 (C.5:12-1 et seq.) unless the person or entity is
29 licensed as a casino service industry enterprise or is an applicant for
30 licensure as a casino service industry enterprise pursuant to the
31 "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.) or is
32 registered as a vendor in accordance with the rules and regulations
33 promulgated by the Casino Control Commission.

34 (cf: P.L.1997, c.36, s.5)

35

36 32. Section 5 of P.L.2004, c.57 (C.54:49-4.1) is amended to read
37 as follows:

38 5. A business organization that fails to provide a copy of a
39 business registration as required pursuant to section 1 of P.L.2001,
40 c.134 (C.52:32-44 et al.) or subsection e. or f. of section 92 of
41 P.L.1977, c.110 (C.5:12:92), or that provides false information of
42 business registration under the requirements of either of those
43 sections, shall be liable for a penalty of \$25 for each day of
44 violation, not to exceed \$50,000 for each business registration copy
45 not properly provided under a contract with a contracting agency or
46 under a casino service industry enterprise contract.

47 (cf: P.L.2004, c.57, s.5)

- 1 33. This act shall take effect immediately, but sections 12 and 14
- 2 shall remain inoperative until 90 days following enactment.

1 which operates a simulcasting facility may, with the approval of
2 both the New Jersey Racing Commission and the New Jersey
3 Casino Control Commission, also receive simulcast horse races
4 conducted at out-of-State sending tracks in accordance with the
5 provisions of this act and any applicable regulations of these
6 commissions and joint regulations of these commissions
7 promulgated pursuant to this act.

8 In order to be eligible to participate in casino simulcasting, an
9 out-of-State sending track shall be approved by the New Jersey
10 Racing Commission and be subject to licensure by the Casino
11 Control Commission as a casino service industry enterprise
12 pursuant to subsection c. of section 92 of P.L.1977, c.110 (C.5:12-
13 92). The approval of the New Jersey Racing Commission shall only
14 be granted when that commission, in its discretion and after
15 consideration of the interests of the casino making application,
16 determines that approval is in the best interest of the public and the
17 racing industry in New Jersey.

18 (cf: P.L.1992, c.19, s.9)

19

20 26. Section 5 of P.L.2004, c.57 (C.54:49-4.1) is amended to read
21 as follows:

22 5. A business organization that fails to provide a copy of a
23 business registration as required pursuant to section 1 of P.L.2001,
24 c.134 (C.52:32-44 et al.) or subsection e. or f. of section 92 of
25 P.L.1977, c.110 (C.5:12:92), or that provides false information of
26 business registration under the requirements of either of those
27 sections, shall be liable for a penalty of \$25 for each day of
28 violation, not to exceed \$50,000 for each business registration copy
29 not properly provided under a contract with a contracting agency or
30 under a casino service industry enterprise contract.

31 (cf: P.L.2004, c.57, s.5)

32

33 27. This act shall take effect immediately, but remain
34 inoperative until 180 days following enactment.

35

36

37 *S* PONSORS STATEMENT

38

39 This bill makes various changes to the Casino Control Act.

40 First, the bill changes the monetary thresholds for the registration
41 and licensing requirements by the Casino Control Commission for
42 vendors that do business with casinos.

43 With respect to registration, the bill eliminates the requirement
44 for registration of certain vendors who deal in non-gaming related
45 goods or services and engage in transactions with casinos that
46 amount to between \$1,000 and \$10,000. Currently, by regulation,
47 casino applicants and licensees are required to file a Notice of
48 Intent to Conduct Enterprise business for a vendor if that vendor is

1 not currently on the commission's active vendors list and the vendor
2 is anticipated to engage in a transaction of more than \$1,000. If a
3 transaction is anticipated to total \$10,000 or more, the casino
4 applicant or licensee is required to file a vendor registration form on
5 behalf of the vendor unless the vendor is already included on the
6 active vendors list. This bill would eliminate all notice
7 requirements for non-gaming related vendors who engage in
8 transactions between \$1,000 and \$10,000. Vendors who engage in
9 \$10,000 or more of business transactions and are not on the
10 commission's active vendors list would still be required to submit a
11 vendor registration form. The bill permits the commission to
12 periodically adjust this \$10,000 threshold by regulation, to account
13 for inflation and any other factor consistent with the policies of the
14 Casino Control Act. The bill also permits the commission to direct
15 by regulation that enterprises engaged in certain types of business
16 be registered regardless of the amount of the business' transactions,
17 and also provides that enterprises engaged in certain types of
18 businesses not be required to register.

19 With respect to licensing by the commission, the bill changes
20 the name of the current Casino Service Industry License to a
21 Casino Service Industry Enterprise License, and requires any
22 vendor who does business with a casino on a "regular and
23 continuing basis" to be licensed by the commission. For gaming-
24 related businesses, no significant changes are made to the licensing
25 procedure. All gaming related businesses are considered to be
26 conducting business on a "regular and continuing basis" and
27 therefore must acquire a Casino Service Industry Enterprise
28 License.

29 For non-gaming related businesses, this bill seeks to codify
30 thresholds for licensing that are currently in place by regulation. A
31 non-gaming related business would be considered to be conducting
32 business on a "regular and continuing basis" and therefore required
33 to acquire a Casino Service Industry Enterprise License only if it
34 engages in transactions that total \$150,000 with a single casino
35 applicant or licensee or \$500,000 with multiple casino applicants or
36 licensees within a 12 month period. According to information
37 provided by the Casino Control Commission in 2005, these new
38 thresholds will eliminate the licensing requirement for
39 approximately 40 to 45 percent of non-gaming related enterprises
40 doing business with casinos. As with the threshold for registration,
41 the commission is permitted to periodically adjust these thresholds
42 for licensure by regulation, to account for inflation and any other
43 factor consistent with the policies of the Casino Control Act.
44 Additionally, the commission is permitted to require licensure for
45 certain non-gaming related businesses even if they do not meet the
46 thresholds.

47 Additionally, for non-gaming related businesses, the provisions
48 that permit the commission to exempt certain businesses from

1 licensure are expanded. Currently, to be exempted, a business must
2 demonstrate that it is either regulated by a public agency or
3 provides goods or services in insubstantial or insignificant amounts
4 or quantities, and that licensing is not deemed necessary in order to
5 protect the public interest or to accomplish the policies established
6 by the Casino Control Act. Under the bill, the commission would
7 have the authority to exempt a business if it is regulated by a public
8 agency that determines the good character, honesty and integrity of
9 any enterprise subject to its jurisdiction. This provision is already
10 followed in current practice. Additionally, the commission would
11 have the authority to exempt a business if it is a publicly traded
12 corporation or wholly owned subsidiary of a publicly traded
13 corporation that receives less than one tenth of one percent of the
14 aggregate revenues of the entity and its holding and intermediary
15 companies from casino applicants and licensees, and licensing is
16 not deemed necessary to protect the public interest or accomplish
17 the policies established by the Casino Control Act. According to
18 information provided by the Casino Control Commission in 2005,
19 this exemption is expected to eliminate the licensing requirement
20 for approximately 100-150 corporations who are currently required
21 to be licensed.

22 Finally, a provision is added so that non-gaming related
23 businesses who are denied licensure are able to be licensed if they
24 affirmatively demonstrate rehabilitation as provided in accordance
25 with the Casino Control Act.

26 In addition to these changes to vendor registration and Casino
27 Service Industry Enterprise Licensing, several other changes are
28 made in the bill:

29 1) All Casino Service Industry Enterprise License applicants
30 would be required to submit fingerprints and other criminal history
31 record background information.

32 2) References are amended to reflect current practice that the
33 Division of Gaming Enforcement, not the Casino Control
34 Commission, is responsible for fingerprinting and criminal records
35 checks.

36 3) A provision is added so that if a casino service employee
37 registrant has not been employed by a casino for more than three
38 consecutive years, the registration would lapse. According to
39 information provided by the Casino Control Commission in 2005,
40 over 30,000 persons have been registered with the commission
41 since casino service employee registration was implemented in
42 1995, and approximately 12,000 individuals are employed in
43 positions requiring casino service industry registration. A number
44 of other registrants also hold employee licenses and are employed
45 in positions requiring licensure or are working in casino hotel jobs
46 that do not require any license or registration.

47 4) The bill codifies current practice that the revocation of casino
48 service employee registration results in a five year bar on

1 reemployment unless the commission permits employment in a
2 position that does not require a license or registration for good
3 cause shown.

4 5) The bill also permits a casino licensee to withhold a
5 percentage of a poker tournament prize pool to be used to fund
6 gratuities for tournament dealers.

7 6) Provisions are added to clarify and expand the types of
8 financial instruments that can be accepted by casino licensees from
9 their patrons to participate in gaming or repay gaming debts, so that
10 patrons can use any check issued by a casino licensee or an
11 affiliated casino to a patron for purposes other than employment
12 compensation or payment for goods or services rendered.

13 7) The bill also recognizes that the regulations of the commission
14 may allow certain transactions, due to the unique nature of casino
15 gaming, to be conducted in a manner that does not always conform
16 to generally accepted accounting principles.

17 8) Provisions are added to: (a) include transportation among
18 those expenses that can be provided to a patron as a complimentary
19 service directly or indirectly by a casino licensee, in the same
20 manner as room, food, beverage, and entertainment complimentary
21 services are provided; and (b) require that other cash or non-cash
22 gifts from a casino licensee to a patron in excess of \$2,000 must be
23 documented, changing the current requirement for documentation
24 when that amount is provided on a "per trip" basis.

25 9) Technical changes are made to correct previous amendments
26 which: (a) directed that a casino business with gaming schools be
27 considered a non-gaming business, but failed to remove gaming
28 schools as a listed example of gaming related business; and (b)
29 when casino hotel employee registration was replaced with casino
30 service employee registration, incorrectly implied that the
31 revocation of a registration does not subject an individual to any bar
32 on employment in a casino hotel facility.

ASSEMBLY TOURISM AND GAMING COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 3691

STATE OF NEW JERSEY

DATED: FEBRUARY 9, 2009

The Assembly Tourism and Gaming Committee reports favorably an Assembly Committee Substitute for Assembly, No. 3691.

This Assembly Committee Substitute revises various provisions of the Casino Control Act.

First, this substitute bill revises various provisions that pertain to the licensing and registration requirements for casino service industries. Under the bill, the term "casino service industry" is renamed as "casino service industry enterprise," and the term's definition is clarified to include any vendor which provides goods or services to, purchases goods or services from, or does any other business with a casino applicant or licensee on a regular or continuing basis (section 1). With respect to licensing by the Casino Control Commission (the commission), the bill amends references to the "casino service industry license" to be the "casino service industry enterprise license," and requires any vendor who does business with a casino on a regular or continuing basis to be licensed by the commission (section 13).

The bill makes no significant changes with respect to the licensing requirements applicable to businesses that offer goods and services to a casino which directly relate to gaming activity. All gaming-related businesses are considered to be conducting business on a regular or continuing basis and are therefore required to obtain from the commission a casino service industry enterprise license (section 13, amending subsection a. of N.J.S.A.5:12-92).

With respect to non-gaming related businesses, which under the bill include, but are not limited to, construction companies, vending machine providers, linen suppliers, junket enterprises, garbage handlers, maintenance companies, limousine services, food purveyors and suppliers of alcoholic beverages, the bill provides that these businesses must be required to apply for a casino service industry enterprise license when, based upon the dollar amount of business being conducted with casino applicants or licensees or other factors established by the rules of the commission, licensure is deemed necessary to protect the public interest and the policies of the Casino Control Act (section 13, amending subsection c. of N.J.S.A.5:12-92).

Under current commission rules, in general, a non-gaming related business is required to obtain a casino service industry license if it engages in transactions that total \$150,000 with a single casino applicant or licensee or \$500,000 with multiple casino applicants or licensees within a 12 month period. If a casino applicant or licensee anticipates engaging in a transaction with a non-gaming related business involving \$10,000 or more, but less than the above-mentioned thresholds, the casino applicant or licensee is required to complete a "vendor registration form" on behalf of the non-gaming related business, unless the vendor is already included on the commission's list of active vendors. If the transaction is more that \$1,000 but less than \$10,000, the casino applicant or licensee must file a "notice of intent to conduct business," unless the vendor is already included on the commission's list of active vendors.

Under the bill, the rules of the commission must require that any non-gaming related business required to be licensed must establish by clear and convincing evidence their good character, honesty, and integrity. Additionally, the bill authorizes the commission to require licensure for certain non-gaming related businesses regardless of the dollar amount transacted, and also permits the commission to exempt certain non-gaming related businesses from licensure. Currently, to be exempted, a non-gaming related business must demonstrate that it is either regulated by a public agency or provides goods or services in insubstantial or insignificant amounts or quantities, and that licensing is not deemed necessary in order to protect the public interest or to accomplish the policies established by the Casino Control Act. Under the bill, the commission would have the authority to exempt a business if it is regulated by a public agency that determines the good character, honesty and integrity of any enterprise subject to its jurisdiction. This provision is already followed in current practice. Additionally, under the bill, the commission would have the authority to exempt a business if it is a publicly traded corporation or wholly owned subsidiary of a publicly traded corporation, and if the amount of revenue received by the business from all casino applicants and licensees within the 12 month period in which the greatest amount of casino business was conducted by the business seeking the exemption is less than one tenth of one percent of all revenues received by the business and its holding and intermediary companies during the same 12 month period, and provided that licensing is not deemed necessary to protect the public interest or accomplish the policies established by the Casino Control Act.

Additionally, with respect to licensing, a provision is added so that non-gaming related businesses which are denied licensure are able to be licensed if they affirmatively demonstrate rehabilitation as provided in accordance with the Casino Control Act (section 13, amending subsection d. of N.J.S.A.5:12-92). The bill also requires that all applicants for a casino service industry enterprise license must submit fingerprints and other criminal history record background information

to the Division of Gaming Enforcement (the division), as part of the licensing approval process (section 13, amending N.J.S.A.5:12-92 by inserting a new subsection g.).

In addition to the provisions concerning vendor licensing and registration, the bill amends and supplements the Casino Control Act and other casino-related statutes as follows:

1) Provides that the division, not the commission, is responsible for fingerprinting and criminal history record background checks, reflecting current practice (sections 8, 10, and 11);

2) Requires that a casino licensee's holding companies and intermediary companies, and any other entity required to establish its qualification in connection with a casino license, must meet the same standards as a casino license applicant regarding financial stability, integrity and responsibility; good character, honesty and integrity; and business ability (section 9);

3) Provides that if a casino service employee registrant has not been employed by a casino for more than three consecutive years, the employee's registration would lapse (sections 12 and 14);

4) Provides that the revocation of a casino service employee registration results in a five year bar on reemployment, unless the commission permits employment in a position that does not require a license or registration for good cause shown (section 21);

5) Provides that a casino licensee may question individuals when it reasonably suspects underage gambling or drinking, unauthorized presence of an underage person on the gaming floor, or the presence of a person on the excluded list in the casino establishment and, if there is probable cause, that the licensee may detain them for the purpose of notifying law enforcement authorities. Under the bill, such detention would not render the casino licensee or its employees criminally or civilly liable for false arrest, false imprisonment, slander or unlawful detention, unless the detention is unreasonable under all of the circumstances (section 22);

6) With respect to casino simulcasting and concerning the compensation that a casino is permitted to pay to an out-of State sending track for the transmission of a simulcast horse race, increases: (a) the maximum amount that can be paid under normal circumstances from 3% to 3.5% of the parimutuel pool; and (b) the number of races for which a casino may, subject to the approval of the New Jersey Racing Commission, pay up to 6% of the parimutuel pool from 28 races per casino per calendar year to 28 races plus the number of races run annually at the Breeders' Cup World Championships per casino per calendar year (sections 28 and 29);

7) Provides that a casino licensee may withhold a percentage of a poker tournament prize pool to be used to fund gratuities for tournament dealers (section 16);

8) Requires that the monitor room for a multi-casino progressive slot machine system may be located within Atlantic County, New Jersey, instead of just Atlantic City (section 16);

9) Provides that the descriptions of several “devices or items of value used in wagering” would include plaques, gaming vouchers, and coupons in addition to cash, coins, tokens, and checks already included (section 16);

10) Permits the division to review and test other gaming devices in addition to slot machines, such as server-supported gaming devices and gaming voucher systems, which are gaming related and gross-revenue related, and to obtain and utilize test data from certain other public and private sources in other gaming jurisdictions, in conjunction with the division’s tests of gaming devices (section 16);

11) Provides that the regulations of the commission may allow certain transactions, due to the unique nature of casino gaming, to be conducted in a manner that does not always conform to generally accepted accounting principles, and that specified time periods are to be measured in business days as opposed to calendar days (section 15);

12) Provides that the types of financial instruments that can be accepted by casino licensees from their patrons to participate in gaming or repay gaming debts may include any check issued by a casino licensee or an affiliated casino to the patron for purposes other than employment compensation or payment for goods or services rendered (section 17);

13) Provides that any obligation owed to a patron by a casino licensee as a result of a gaming transaction which remains unclaimed would expire in one year, and at that time the monetary amount or value of the debt would be distributed 25% to the Casino Revenue Fund and 75% to the casino licensee, provided the casino licensee uses that amount for marketing purposes. Concerning representations of debt issued or obligations incurred prior to the effective date of the bill, the obligation of the casino licensee to pay the patron would expire one year after the bill’s effective date, and the monetary amount or value of those debts would be distributed 50% to the Casino Revenue Fund and 50% to the casino licensee.

Additionally, the bill provides that each casino licensee must, on or before June 30, 2009, make a payment to the Casino Revenue Fund in an amount equal to 25% of the value of the money or debt owed to its patrons as a result of gaming transactions that occurred more than one year prior to the effective date of the bill. This payment would be credited towards the total obligation of the casino licensee to make payments to the Casino Revenue Fund in an amount equal to 50% of the value of expired gaming related obligations incurred prior to the effective date of the bill (sections 24 and 25);

14) Provides that transportation may be included among those expenses that can be provided to a patron as a complimentary service directly or indirectly by a casino licensee, in the same manner as room, food, beverage, and entertainment complimentary services are provided; and that other cash or non-cash gifts from a casino licensee to a patron in excess of \$2,000 must be documented, deleting the

current requirement for documentation when that amount is provided on a “per trip” basis (section 18);

15) Makes technical changes to correct previous amendments which provided that a casino business with gaming schools be considered a non-gaming business, but failed to remove gaming schools as a listed example of gaming related business (section 13); and

16) Inserts the word “enterprise” in the term “casino service industry” to reflect the change to “casino service industry enterprise” (sections 1, 3, 4, 5, 6, 7, 13, 14, 19, 20, 23, 26, 27, 30, 31, and 32).

This Assembly Committee Substitute for Assembly, No. 3691 is identical to Senate Committee Substitute for Senate, No. 2519.

STATEMENT TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 3691

with Assembly Floor Amendments
(Proposed By Assemblyman BURZICHELLI)

ADOPTED: MARCH 5, 2009

These floor amendments provide that the internal procedures and administrative and accounting controls of a casino applicant must conform to generally accepted accounting principles, except that the Casino Control Commission may require an additional standard for gross revenue tax purposes.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 3691
STATE OF NEW JERSEY
213th LEGISLATURE

DATED: MARCH 9, 2009

SUMMARY

- Synopsis:** Makes various changes related to casino service industry licensing, casino service employees, testing of gaming devices, casino simulcasting, and unclaimed casino obligations.
- Type of Impact:** Revenue increase to the Casino Revenue Fund.
- Agencies Affected:** Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	FY 2009	FY 2010	FY 2011
State Revenue			
Casino Revenue Fund	\$2,885,578	\$3,850,864	Indeterminate

Based on information provided by the Casino Control Commission, this fiscal estimate assumes that the total unclaimed casino obligations estimated to be owed to patrons is \$13.7 million and that the effective date of the bill is on or before June 30, 2009.

- In relevant part, this bill provides that all unclaimed casino obligations arising after the bill's effective date, that remain outstanding after one year of the issuance of the obligation, will be allocated 25 percent to the State for deposit into the Casino Revenue Fund and 75 percent to the casino licensee for specified purposes.
- The bill provides that all unclaimed casino obligations extant on the bill's effective date will be allocated evenly between the State for deposit into the Casino Revenue Fund and the casino licensee. In addition, the bill requires the casino licensees to make an advance payment of 25 percent of these unclaimed obligations for deposit into the Casino Revenue Fund by June 30, 2009. The remainder of the State's share is to be deposited in the Casino Revenue Fund one year after the effective date of the bill.
- Based on information provided by the Casino Control Commission (CCC), the Office of Legislative Services (OLS) estimates that current unclaimed casino obligations, referred to in the bill, total \$13.7 million. The OLS notes that if patrons make claims for the money that is owed to them within one year of the issuance of the obligation, then the amount of money

distributed pursuant to the formula will be reduced accordingly. Future unclaimed casino obligations cannot be estimated at this time.

- The OLS notes that the bill does not explicitly define unclaimed casino obligations for the purposes of the distribution formula. The OLS presumes that the CCC will specify by regulation the types of obligations that will be affected by the bill and that the estimate of State revenue reflects the CCC's intent in this regard. The determination of what is or is not included in the definition could have a significant effect on the amount of money eligible to be distributed according to the formula provided in the bill.
- This bill revises the definition of gross revenue and provides to the casinos an exemption from generally acceptable accounting principles (GAAP) for the purposes of internal control. The OLS notes that it cannot be said with certainty, at this time, what the implications may be of giving the casinos the ability to deviate from GAAP in regard to gross revenue taxes.
- This bill makes various changes related to casino service industry licensing, casino service employees, testing of gaming devices and casino simulcasting, and establishes a formula for the distribution of unclaimed casino obligations.

BILL DESCRIPTION

Assembly Committee Substitute for Assembly Bill No. 3691 of 2009 revises various provisions of the Casino Control Act. The provisions of the bill pertinent to this fiscal estimate provide that any obligation owed to a patron by a casino licensee as a result of a gaming transaction which remains unclaimed would expire in one year, and at that time the monetary amount or value of the debt would be distributed 25 percent to the Casino Revenue Fund and 75 percent to the casino licensee for marketing purposes. Concerning representations of debt issued or obligations incurred prior to the effective date of the bill, the obligation of the casino licensee to pay the patron would expire one year after the bill's effective date, and the monetary amount or value of those debts would be distributed 50 percent to the Casino Revenue Fund and 50 percent to the casino licensee.

Additionally, the bill provides that each casino licensee must, on or before June 30, 2009, make a payment to the Casino Revenue Fund in an amount equal to 25 percent of the value of the money or debt owed to its patrons as a result of gaming transactions that occurred more than one year prior to the effective date of the bill. This payment would be credited towards the total obligation of the casino licensee to make payments to the Casino Revenue Fund in an amount equal to 50 percent of the value of expired gaming related obligations incurred prior to the effective date of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

According to information provided by the CCC, the current unclaimed casino obligations total \$13.7 million. The OLS notes that if patrons make claims for the money owed to them within one year, then the amount of money distributed pursuant to the formula will be reduced accordingly. Additionally, it is not possible to estimate the potential revenues with respect to future unclaimed casino obligations that would be subject to the 25 percent distribution to the Casino Revenue Fund.

Based on information provided by the CCC, the OLS estimates that if the bill, for the purpose of this estimate, is enacted by April 1, 2010 and that \$13.7 million is the amount of current unclaimed casino obligations, then \$6.7 million is required to be deposited into the Casino Revenue Fund by April 1, 2010 and \$7.0 million is required to be retained by the casinos, assuming current obligations remain unclaimed by this date. The bill requires the casino licensees to make an advance payment of 25 percent of the amount owed, or \$2.9 million, to the Casino Revenue Fund by June 30, 2009, leaving the remaining \$3.8 million to be deposited one year after the effective date of this bill, or in this example, on April 1, 2010. Currently none of this money escheats to the State.

The OLS notes that it cannot be said with certainty, at this time, what the implications may be of giving the casinos the ability to deviate from GAAP in regard to gross revenue taxes. In addition, the OLS notes that the bill does not explicitly define unclaimed casino obligations for the purposes of the distribution formula. The OLS presumes that the CCC will specify by regulation the types of obligations that will be affected by the bill and that the estimate of State revenue reflects the CCC's intent in this regard. The determination of what is or is not included in the definition could have a significant effect on the amount of money eligible to be distributed according to the formula provided in the bill. Furthermore, the OLS notes that while the CCC testified that \$13.7 million in unclaimed casino obligations accrued from 2003 through 2008, it was not clear what types of obligations, e.g., vouchers, keno tickets, or benefits from loyalty programs, or perhaps even jackpots compose the total obligation and why obligations were not accrued before 2003.

Section: State Government

*Analyst: Kimberly Anne McCord
Associate Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).

1 g. (Deleted by amendment, P.L.2004, c.128).
2 (cf: P.L.2004, c.128, s.5)

3
4 25. Section 9 of P.L.1992, c.19 (C.5:12-199) is amended to read
5 as follows:

6 9. A casino which chooses to conduct casino simulcasting and
7 which operates a simulcasting facility may, with the approval of
8 both the New Jersey Racing Commission and the New Jersey
9 Casino Control Commission, also receive simulcast horse races
10 conducted at out-of-State sending tracks in accordance with the
11 provisions of this act and any applicable regulations of these
12 commissions and joint regulations of these commissions
13 promulgated pursuant to this act.

14 In order to be eligible to participate in casino simulcasting, an
15 out-of-State sending track shall be approved by the New Jersey
16 Racing Commission and be subject to licensure by the Casino
17 Control Commission as a casino service industry enterprise
18 pursuant to subsection c. of section 92 of P.L.1977, c.110 (C.5:12-
19 92). The approval of the New Jersey Racing Commission shall only
20 be granted when that commission, in its discretion and after
21 consideration of the interests of the casino making application,
22 determines that approval is in the best interest of the public and the
23 racing industry in New Jersey.

24 (cf: P.L.1992, c.19, s.9)

25
26 26. Section 5 of P.L.2004, c.57 (C.54:49-4.1) is amended to read
27 as follows:

28 5. A business organization that fails to provide a copy of a
29 business registration as required pursuant to section 1 of P.L.2001,
30 c.134 (C.52:32-44 et al.) or subsection e. or f. of section 92 of
31 P.L.1977, c.110 (C.5:12:92), or that provides false information of
32 business registration under the requirements of either of those
33 sections, shall be liable for a penalty of \$25 for each day of
34 violation, not to exceed \$50,000 for each business registration copy
35 not properly provided under a contract with a contracting agency or
36 under a casino service industry enterprise contract.

37 (cf: P.L.2004, c.57, s.5)

38
39 27. This act shall take effect immediately, but remain
40 inoperative until 180 days following enactment.

41
42
43 *SPONSORS* STATEMENT

44
45 This bill makes various changes to the Casino Control Act.

46 First, the bill changes the monetary thresholds for the registration
47 and licensing requirements by the Casino Control Commission for
48 vendors that do business with casinos.

1 With respect to registration, the bill eliminates the requirement
2 for registration of certain vendors who deal in non-gaming related
3 goods or services and engage in transactions with casinos that
4 amount to between \$1,000 and \$10,000. Currently, by regulation,
5 casino applicants and licensees are required to file a Notice of
6 Intent to Conduct Enterprise business for a vendor if that vendor is
7 not currently on the commission's active vendors list and the vendor
8 is anticipated to engage in a transaction of more than \$1,000. If a
9 transaction is anticipated to total \$10,000 or more, the casino
10 applicant or licensee is required to file a vendor registration form on
11 behalf of the vendor unless the vendor is already included on the
12 active vendors list. This bill would eliminate all notice
13 requirements for non-gaming related vendors who engage in
14 transactions between \$1,000 and \$10,000. Vendors who engage in
15 \$10,000 or more of business transactions and are not on the
16 commission's active vendors list would still be required to submit a
17 vendor registration form. The bill permits the commission to
18 periodically adjust this \$10,000 threshold by regulation, to account
19 for inflation and any other factor consistent with the policies of the
20 Casino Control Act. The bill also permits the commission to direct
21 by regulation that enterprises engaged in certain types of business
22 be registered regardless of the amount of the business' transactions,
23 and also provides that enterprises engaged in certain types of
24 businesses not be required to register.

25 With respect to licensing by the commission, the bill changes
26 the name of the current Casino Service Industry License to a
27 Casino Service Industry Enterprise License, and requires any
28 vendor who does business with a casino on a "regular and
29 continuing basis" to be licensed by the commission. For gaming-
30 related businesses, no significant changes are made to the licensing
31 procedure. All gaming related businesses are considered to be
32 conducting business on a "regular and continuing basis" and
33 therefore must acquire a Casino Service Industry Enterprise
34 License.

35 For non-gaming related businesses, this bill seeks to codify
36 thresholds for licensing that are currently in place by regulation. A
37 non-gaming related business would be considered to be conducting
38 business on a "regular and continuing basis" and therefore required
39 to acquire a Casino Service Industry Enterprise License only if it
40 engages in transactions that total \$150,000 with a single casino
41 applicant or licensee or \$500,000 with multiple casino applicants or
42 licensees within a 12 month period. According to information
43 provided by the Casino Control Commission in 2005, these new
44 thresholds will eliminate the licensing requirement for
45 approximately 40 to 45 percent of non-gaming related enterprises
46 doing business with casinos. As with the threshold for registration,
47 the commission is permitted to periodically adjust these thresholds
48 for licensure by regulation, to account for inflation and any other

1 factor consistent with the policies of the Casino Control Act.
2 Additionally, the commission is permitted to require licensure for
3 certain non-gaming related businesses even if they do not meet the
4 thresholds.

5 Additionally, for non-gaming related businesses, the provisions
6 that permit the commission to exempt certain businesses from
7 licensure are expanded. Currently, to be exempted, a business must
8 demonstrate that it is either regulated by a public agency or
9 provides goods or services in insubstantial or insignificant amounts
10 or quantities, and that licensing is not deemed necessary in order to
11 protect the public interest or to accomplish the policies established
12 by the Casino Control Act. Under the bill, the commission would
13 have the authority to exempt a business if it is regulated by a public
14 agency that determines the good character, honesty and integrity of
15 any enterprise subject to its jurisdiction. This provision is already
16 followed in current practice. Additionally, the commission would
17 have the authority to exempt a business if it is a publicly traded
18 corporation or wholly owned subsidiary of a publicly traded
19 corporation that receives less than one tenth of one percent of the
20 aggregate revenues of the entity and its holding and intermediary
21 companies from casino applicants and licensees, and licensing is
22 not deemed necessary to protect the public interest or accomplish
23 the policies established by the Casino Control Act. According to
24 information provided by the Casino Control Commission in 2005,
25 this exemption is expected to eliminate the licensing requirement
26 for approximately 100-150 corporations who are currently required
27 to be licensed.

28 Finally, a provision is added so that non-gaming related
29 businesses who are denied licensure are able to be licensed if they
30 affirmatively demonstrate rehabilitation as provided in accordance
31 with the Casino Control Act.

32 In addition to these changes to vendor registration and Casino
33 Service Industry Enterprise Licensing, several other changes are
34 made in the bill:

35 1) All Casino Service Industry Enterprise License applicants
36 would be required to submit fingerprints and other criminal history
37 record background information.

38 2) References are amended to reflect current practice that the
39 Division of Gaming Enforcement, not the Casino Control
40 Commission, is responsible for fingerprinting and criminal records
41 checks.

42 3) A provision is added so that if a casino service employee
43 registrant has not been employed by a casino for more than three
44 consecutive years, the registration would lapse. According to
45 information provided by the Casino Control Commission in 2005,
46 over 30,000 persons have been registered with the commission
47 since casino service employee registration was implemented in
48 1995, and approximately 12,000 individuals are employed in

1 positions requiring casino service industry registration. A number
2 of other registrants also hold employee licenses and are employed
3 in positions requiring licensure or are working in casino hotel jobs
4 that do not require any license or registration.

5 4) The bill codifies current practice that the revocation of casino
6 service employee registration results in a five year bar on
7 reemployment unless the commission permits employment in a
8 position that does not require a license or registration for good
9 cause shown.

10 5) The bill also permits a casino licensee to withhold a
11 percentage of a poker tournament prize pool to be used to fund
12 gratuities for tournament dealers.

13 6) Provisions are added to clarify and expand the types of
14 financial instruments that can be accepted by casino licensees from
15 their patrons to participate in gaming or repay gaming debts, so that
16 patrons can use any check issued by a casino licensee or an
17 affiliated casino to a patron for purposes other than employment
18 compensation or payment for goods or services rendered.

19 7) The bill also recognizes that the regulations of the commission
20 may allow certain transactions, due to the unique nature of casino
21 gaming, to be conducted in a manner that does not always conform
22 to generally accepted accounting principles.

23 8) Provisions are added to: (a) include transportation among
24 those expenses that can be provided to a patron as a complimentary
25 service directly or indirectly by a casino licensee, in the same
26 manner as room, food, beverage, and entertainment complimentary
27 services are provided; and (b) require that other cash or non-cash
28 gifts from a casino licensee to a patron in excess of \$2,000 must be
29 documented, changing the current requirement for documentation
30 when that amount is provided on a "per trip" basis.

31 9) Technical changes are made to correct previous amendments
32 which: (a) directed that a casino business with gaming schools be
33 considered a non-gaming business, but failed to remove gaming
34 schools as a listed example of gaming related business; and (b)
35 when casino hotel employee registration was replaced with casino
36 service employee registration, incorrectly implied that the
37 revocation of a registration does not subject an individual to any bar
38 on employment in a casino hotel facility.

SENATE WAGERING, TOURISM & HISTORIC
PRESERVATION COMMITTEE,

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 2519

STATE OF NEW JERSEY

DATED: FEBRUARY 2, 2009

The Senate Wagering, Tourism and Historic Preservation Committee reports favorably a Senate Committee Substitute for Senate Bill No. 2519.

This Senate Committee Substitute revises various provisions of the Casino Control Act.

First, this substitute bill revises various provisions that pertain to the licensing and registration requirements for casino service industries. Under the bill, the term "casino service industry" is renamed as "casino service industry enterprise," and the term's definition is clarified to include any vendor which provides goods or services to, purchases goods or services from, or does any other business with a casino applicant or licensee on a regular or continuing basis (section 1). With respect to licensing by the Casino Control Commission (the commission), the bill amends references to the "casino service industry license" to be the "casino service industry enterprise license," and requires any vendor who does business with a casino on a regular or continuing basis to be licensed by the commission (section 13).

The bill makes no significant changes with respect to the licensing requirements applicable to businesses that offer goods and services to a casino which directly relate to gaming activity. All gaming-related businesses are considered to be conducting business on a regular or continuing basis and are therefore required to obtain from the commission a casino service industry enterprise license (section 13, amending subsection a. of N.J.S.A.5:12-92).

With respect to non-gaming related businesses, which under the bill include, but are not limited to, construction companies, vending machine providers, linen suppliers, junket enterprises, garbage handlers, maintenance companies, limousine services, food purveyors and suppliers of alcoholic beverages, the bill provides that these businesses must be required to apply for a casino service industry enterprise license when, based upon the dollar amount of business being conducted with casino applicants or licensees or other factors

established by the rules of the commission, licensure is deemed necessary to protect the public interest and the policies of the Casino Control Act (section 13, amending subsection c. of N.J.S.A.5:12-92).

Under current commission rules, in general, a non-gaming related business is required to obtain a casino service industry license if it engages in transactions that total \$150,000 with a single casino applicant or licensee or \$500,000 with multiple casino applicants or licensees within a 12 month period. If a casino applicant or licensee anticipates engaging in a transaction with a non-gaming related business involving \$10,000 or more, but less than the above-mentioned thresholds, the casino applicant or licensee is required to complete a "vendor registration form" on behalf of the non-gaming related business, unless the vendor is already included on the commission's list of active vendors. If the transaction is more that \$1,000 but less than \$10,000, the casino applicant or licensee must file a "notice of intent to conduct business," unless the vendor is already included on the commission's list of active vendors.

Under the bill, the rules of the commission must require that any non-gaming related business required to be licensed must establish by clear and convincing evidence their good character, honesty, and integrity. Additionally, the bill authorizes the commission to require licensure for certain non-gaming related businesses regardless of the dollar amount transacted, and also permits the commission to exempt certain non-gaming related businesses from licensure. Currently, to be exempted, a non-gaming related business must demonstrate that it is either regulated by a public agency or provides goods or services in insubstantial or insignificant amounts or quantities, and that licensing is not deemed necessary in order to protect the public interest or to accomplish the policies established by the Casino Control Act. Under the bill, the commission would have the authority to exempt a business if it is regulated by a public agency that determines the good character, honesty and integrity of any enterprise subject to its jurisdiction. This provision is already followed in current practice. Additionally, under the bill, the commission would have the authority to exempt a business if it is a publicly traded corporation or wholly owned subsidiary of a publicly traded corporation, and if the amount of revenue received by the business from all casino applicants and licensees within the 12 month period in which the greatest amount of casino business was conducted by the business seeking the exemption is less than one tenth of one percent of all revenues received by the business and its holding and intermediary companies during the same 12 month period, and provided that licensing is not deemed necessary to protect the public interest or accomplish the policies established by the Casino Control Act.

Additionally, with respect to licensing, a provision is added so that non-gaming related businesses which are denied licensure are able to be licensed if they affirmatively demonstrate rehabilitation as provided in accordance with the Casino Control Act (section 13, amending

subsection d. of N.J.S.A.5:12-92). The bill also requires that all applicants for a casino service industry enterprise license must submit fingerprints and other criminal history record background information to the Division of Gaming Enforcement (the division), as part of the licensing approval process (section 13, amending N.J.S.A.5:12-92 by inserting a new subsection g.).

In addition to the provisions concerning vendor licensing and registration, the bill amends and supplements the Casino Control Act and other casino-related statutes as follows:

1) Provides that the division, not the commission, is responsible for fingerprinting and criminal history record background checks, reflecting current practice (sections 8, 10, and 11);

2) Requires that a casino licensee's holding companies and intermediary companies, and any other entity required to establish its qualification in connection with a casino license, must meet the same standards as a casino license applicant regarding financial stability, integrity and responsibility; good character, honesty and integrity; and business ability (section 9);

3) Provides that if a casino service employee registrant has not been employed by a casino for more than three consecutive years, the employee's registration would lapse (sections 12 and 14);

4) Provides that the revocation of a casino service employee registration results in a five year bar on reemployment, unless the commission permits employment in a position that does not require a license or registration for good cause shown (section 21);

5) Provides that a casino licensee may question individuals when it reasonably suspects underage gambling or drinking, unauthorized presence of an underage person on the gaming floor, or the presence of a person on the excluded list in the casino establishment and, if there is probable cause, that the licensee may detain them for the purpose of notifying law enforcement authorities. Under the bill, such detention would not render the casino licensee or its employees criminally or civilly liable for false arrest, false imprisonment, slander or unlawful detention, unless the detention is unreasonable under all of the circumstances (section 22);

6) With respect to casino simulcasting and concerning the compensation that a casino is permitted to pay to an out-of State sending track for the transmission of a simulcast horse race, increases: (a) the maximum amount that can be paid under normal circumstances from 3% to 3.5% of the parimutuel pool; and (b) the number of races for which a casino may, subject to the approval of the New Jersey Racing Commission, pay up to 6% of the parimutuel pool from 28 races per casino per calendar year to 28 races plus the number of races run annually at the Breeders' Cup World Championships per casino per calendar year (sections 28 and 29);

7) Provides that a casino licensee may withhold a percentage of a poker tournament prize pool to be used to fund gratuities for tournament dealers (section 16);

8) Requires that the monitor room for a multi-casino progressive slot machine system may be located within Atlantic County, New Jersey, instead of just Atlantic City (section 16);

9) Provides that the descriptions of several “devices or items of value used in wagering” would include plaques, gaming vouchers, and coupons in addition to cash, coins, tokens, and checks already included (section 16);

10) Permits the division to review and test other gaming devices in addition to slot machines, such as server-supported gaming devices and gaming voucher systems, which are gaming related and gross-revenue related, and to obtain and utilize test data from certain other public and private sources in other gaming jurisdictions, in conjunction with the division’s tests of gaming devices (section 16);

11) Provides that the regulations of the commission may allow certain transactions, due to the unique nature of casino gaming, to be conducted in a manner that does not always conform to generally accepted accounting principles, and that specified time periods are to be measured in business days as opposed to calendar days (section 15);

12) Provides that the types of financial instruments that can be accepted by casino licensees from their patrons to participate in gaming or repay gaming debts may include any check issued by a casino licensee or an affiliated casino to the patron for purposes other than employment compensation or payment for goods or services rendered (section 17);

13) Provides that any obligation owed to a patron by a casino licensee as a result of a gaming transaction which remains unclaimed would expire in one year, and at that time the monetary amount or value of the debt would be distributed 25% to the Casino Revenue Fund and 75% to the casino licensee, provided the casino licensee uses that amount for marketing purposes. Concerning representations of debt issued or obligations incurred prior to the effective date of the bill, the obligation of the casino licensee to pay the patron would expire one year after the bill’s effective date, and the monetary amount or value of those debts would be distributed 50% to the Casino Revenue Fund and 50% to the casino licensee.

Additionally, the bill provides that each casino licensee must, on or before June 30, 2009, make a payment to the Casino Revenue Fund in an amount equal to 25% of the value of the money or debt owed to its patrons as a result of gaming transactions that occurred more than one year prior to the effective date of the bill. This payment would be credited towards the total obligation of the casino licensee to make payments to the Casino Revenue Fund in an amount equal to 50% of the value of expired gaming related obligations incurred prior to the effective date of the bill (sections 24 and 25);

14) Provides that transportation may be included among those expenses that can be provided to a patron as a complimentary service directly or indirectly by a casino licensee, in the same manner as room, food, beverage, and entertainment complimentary services are

provided; and that other cash or non-cash gifts from a casino licensee to a patron in excess of \$2,000 must be documented, deleting the current requirement for documentation when that amount is provided on a “per trip” basis (section 18);

15) Makes technical changes to correct previous amendments which provided that a casino business with gaming schools be considered a non-gaming business, but failed to remove gaming schools as a listed example of gaming related business (section 13); and

16) Inserts the word “enterprise” in the term “casino service industry” to reflect the change to “casino service industry enterprise” (sections 1, 3, 4, 5, 6, 7, 13, 14, 19, 20, 23, 26, 27, 30, 31, and 32).

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 2519**

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 9, 2009

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2519 (SCS), with committee amendments.

The bill, as amended, revises various provisions of the Casino Control Act.

First, this substitute bill revises various provisions that pertain to the licensing and registration requirements for casino service industries. Under the bill, the term "casino service industry" is renamed as "casino service industry enterprise," and the term's definition is clarified to include any vendor which provides goods or services to, purchases goods or services from, or does any other business with a casino applicant or licensee on a regular or continuing basis (section 1). With respect to licensing by the Casino Control Commission (the commission), the bill amends references to the "casino service industry license" to be the "casino service industry enterprise license," and requires any vendor who does business with a casino on a regular or continuing basis to be licensed by the commission (section 13).

The bill makes no significant changes with respect to the licensing requirements applicable to businesses that offer goods and services to a casino which directly relate to gaming activity. All gaming-related businesses are considered to be conducting business on a regular or continuing basis and are therefore required to obtain from the commission a casino service industry enterprise license (section 13, amending subsection a. of N.J.S.A.5:12-92).

With respect to non-gaming related businesses, which under the bill include, but are not limited to, construction companies, vending machine providers, linen suppliers, junket enterprises, garbage handlers, maintenance companies, limousine services, food purveyors and suppliers of alcoholic beverages, the bill provides that these businesses must be required to apply for a casino service industry enterprise license when, based upon the dollar amount of business being conducted with casino applicants or licensees or other factors established by the rules of the commission, licensure is deemed

necessary to protect the public interest and the policies of the Casino Control Act (section 13, amending subsection c. of N.J.S.A.5:12-92).

Under current commission rules, in general, a non-gaming related business is required to obtain a casino service industry license if it engages in transactions that total \$150,000 with a single casino applicant or licensee or \$500,000 with multiple casino applicants or licensees within a 12 month period. If a casino applicant or licensee anticipates engaging in a transaction with a non-gaming related business involving \$10,000 or more, but less than the above-mentioned thresholds, the casino applicant or licensee is required to complete a "vendor registration form" on behalf of the non-gaming related business, unless the vendor is already included on the commission's list of active vendors. If the transaction is more than \$1,000 but less than \$10,000, the casino applicant or licensee must file a "notice of intent to conduct business," unless the vendor is already included on the commission's list of active vendors.

Under the bill, the rules of the commission must require that any non-gaming related business required to be licensed must establish by clear and convincing evidence their good character, honesty, and integrity. Additionally, the bill authorizes the commission to require licensure for certain non-gaming related businesses regardless of the dollar amount transacted, and also permits the commission to exempt certain non-gaming related businesses from licensure. Currently, to be exempted, a non-gaming related business must demonstrate that it is either regulated by a public agency or provides goods or services in insubstantial or insignificant amounts or quantities, and that licensing is not deemed necessary in order to protect the public interest or to accomplish the policies established by the Casino Control Act. Under the bill, the commission would have the authority to exempt a business if it is regulated by a public agency that determines the good character, honesty and integrity of any enterprise subject to its jurisdiction. This provision is already followed in current practice. Additionally, under the bill, the commission would have the authority to exempt a business if it is a publicly traded corporation or wholly owned subsidiary of a publicly traded corporation, and if the amount of revenue received by the business from all casino applicants and licensees within the 12 month period in which the greatest amount of casino business was conducted by the business seeking the exemption is less than one tenth of one percent of all revenues received by the business and its holding and intermediary companies during the same 12 month period, and provided that licensing is not deemed necessary to protect the public interest or accomplish the policies established by the Casino Control Act.

Additionally, with respect to licensing, a provision is added so that non-gaming related businesses which are denied licensure are able to be licensed if they affirmatively demonstrate rehabilitation as provided in accordance with the Casino Control Act (section 13, amending subsection d. of N.J.S.A.5:12-92). The bill also requires that all

applicants for a casino service industry enterprise license must submit fingerprints and other criminal history record background information to the Division of Gaming Enforcement (the division), as part of the licensing approval process (section 13, amending N.J.S.A.5:12-92 by inserting a new subsection g.).

In addition to the provisions concerning vendor licensing and registration, the bill amends and supplements the Casino Control Act and other casino-related statutes as follows:

1) Provides that the division, not the commission, is responsible for fingerprinting and criminal history record background checks, reflecting current practice (sections 8, 10, and 11);

2) Requires that a casino licensee's holding companies and intermediary companies, and any other entity required to establish its qualification in connection with a casino license, must meet the same standards as a casino license applicant regarding financial stability, integrity and responsibility; good character, honesty and integrity; and business ability (section 9);

3) Provides that if a casino service employee registrant has not been employed by a casino for more than three consecutive years, the employee's registration would lapse (sections 12 and 14);

4) Provides that the revocation of a casino service employee registration results in a five year bar on reemployment, unless the commission permits employment in a position that does not require a license or registration for good cause shown (section 21);

5) Provides that a casino licensee may question individuals when it reasonably suspects underage gambling or drinking, unauthorized presence of an underage person on the gaming floor, or the presence of a person on the excluded list in the casino establishment and, if there is probable cause, that the licensee may detain them for the purpose of notifying law enforcement authorities. Under the bill, such detention would not render the casino licensee or its employees criminally or civilly liable for false arrest, false imprisonment, slander or unlawful detention, unless the detention is unreasonable under all of the circumstances (section 22);

6) With respect to casino simulcasting and concerning the compensation that a casino is permitted to pay to an out-of State sending track for the transmission of a simulcast horse race, increases: (a) the maximum amount that can be paid under normal circumstances from 3% to 3.5% of the parimutuel pool; and (b) the number of races for which a casino may, subject to the approval of the New Jersey Racing Commission, pay up to 6% of the parimutuel pool from 28 races per casino per calendar year to 28 races plus the number of races run annually at the Breeders' Cup World Championships per casino per calendar year (sections 28 and 29);

7) Provides that a casino licensee may withhold a percentage of a poker tournament prize pool to be used to fund gratuities for tournament dealers (section 16);

8) Requires that the monitor room for a multi-casino progressive

slot machine system may be located within Atlantic County, New Jersey, instead of just Atlantic City (section 16);

9) Provides that the descriptions of several “devices or items of value used in wagering” would include plaques, gaming vouchers, and coupons in addition to cash, coins, tokens, and checks already included (section 16);

10) Permits the division to review and test other gaming devices in addition to slot machines, such as server-supported gaming devices and gaming voucher systems, which are gaming related and gross-revenue related, and to obtain and utilize test data from certain other public and private sources in other gaming jurisdictions, in conjunction with the division’s tests of gaming devices (section 16);

11) Provides that the internal procedures and administrative and accounting controls of a casino applicant must conform to generally accepted accounting principles, except that the Casino Control Commission may require an additional standard for gross revenue tax purposes, and that specified time periods are to be measured in business days as opposed to calendar days (section 15);

12) Provides that the types of financial instruments that can be accepted by casino licensees from their patrons to participate in gaming or repay gaming debts may include any check issued by a casino licensee or an affiliated casino to the patron for purposes other than employment compensation or payment for goods or services rendered (section 17);

13) Provides that any obligation owed to a patron by a casino licensee as a result of a gaming transaction which remains unclaimed would expire in one year, and at that time the monetary amount or value of the debt would be distributed 25% to the Casino Revenue Fund and 75% to the casino licensee, provided the casino licensee uses that amount for marketing purposes. Concerning representations of debt issued or obligations incurred prior to the effective date of the bill, the obligation of the casino licensee to pay the patron would expire one year after the bill’s effective date, and the monetary amount or value of those debts would be distributed 50% to the Casino Revenue Fund and 50% to the casino licensee.

Additionally, the bill provides that each casino licensee must, on or before June 30, 2009, make a payment to the Casino Revenue Fund in an amount equal to 25% of the value of the money or debt owed to its patrons as a result of gaming transactions that occurred more than one year prior to the effective date of the bill. This payment would be credited towards the total obligation of the casino licensee to make payments to the Casino Revenue Fund in an amount equal to 50% of the value of expired gaming related obligations incurred prior to the effective date of the bill (sections 24 and 25);

14) Provides that transportation may be included among those expenses that can be provided to a patron as a complimentary service directly or indirectly by a casino licensee, in the same manner as room, food, beverage, and entertainment complimentary services are

provided; and that other cash or non-cash gifts from a casino licensee to a patron in excess of \$2,000 must be documented, deleting the current requirement for documentation when that amount is provided on a "per trip" basis (section 18);

15) Makes technical changes to correct previous amendments which provided that a casino business with gaming schools be considered a non-gaming business, but failed to remove gaming schools as a listed example of gaming related business (section 13); and

16) Inserts the word "enterprise" in the term "casino service industry" to reflect the change to "casino service industry enterprise" (sections 1, 3, 4, 5, 6, 7, 13, 14, 19, 20, 23, 26, 27, 30, 31, and 32).

As amended and reported by the committee, this bill is identical to Assembly Bill No. 3691(ACS)(1R).

COMMITTEE AMENDMENTS:

The committee amendments provide that the internal procedures and administrative and accounting controls of a casino applicant must conform to generally accepted accounting principles, except that the Casino Control Commission may require an additional standard for gross revenue tax purposes.

FISCAL IMPACT:

According to information provided by the CCC, the current unclaimed casino obligations total \$13.7 million. The OLS notes that if patrons make claims for the money owed to them within one year, then the amount of money distributed pursuant to the formula will be reduced accordingly. Additionally, it is not possible to estimate the potential revenues with respect to future unclaimed casino obligations that would be subject to the 25 percent distribution to the Casino Revenue Fund.

Based on information provided by the CCC, the OLS estimates that if the bill, for the purpose of this estimate, is enacted by April 1, 2010 and that \$13.7 million is the amount of current unclaimed casino obligations, then \$6.7 million is required to be deposited into the Casino Revenue Fund by April 1, 2010 and \$7.0 million is required to be retained by the casinos, assuming current obligations remain unclaimed by this date. The bill requires the casino licensees to make an advance payment of 25 percent of the amount owed, or \$2.9 million, to the Casino Revenue Fund by June 30, 2009, leaving the remaining \$3.8 million to be deposited one year after the effective date of this bill, or in this example, on April 1, 2010. Currently none of this money escheats to the State.

The OLS notes that the bill does not explicitly define unclaimed casino obligations for the purposes of the distribution formula. The OLS presumes that the CCC will specify by regulation the types of obligations that will be affected by the bill and that the estimate of State revenue reflects the CCC's intent in this regard. The

determination of what is or is not included in the definition could have a significant effect on the amount of money eligible to be distributed according to the formula provided in the bill. Furthermore, the OLS notes that while the CCC testified that \$13.7 million in unclaimed casino obligations accrued from 2003 through 2008, it was not clear what types of obligations, e.g., vouchers, keno tickets, or benefits from loyalty programs, or perhaps even jackpots compose the total obligation and why obligations were not accrued before 2003.

This bill revises the definition of gross revenue and requires an additional standard to generally accepted accounting principles (GAAP) for the purposes of internal control. The OLS notes that it cannot be said with certainty, at this time, what that additional standard is, and what the implications may be of giving the casinos the ability to comply with an additional standard to GAAP in regard to gross revenue taxes.

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 2519
STATE OF NEW JERSEY
213th LEGISLATURE

DATED: MARCH 9, 2009

SUMMARY

Synopsis: Makes various changes related to casino service industry licensing, casino service employees, testing of gaming devices, casino simulcasting, and unclaimed casino obligations.

Type of Impact: Revenue increase to the Casino Revenue Fund.

Agencies Affected: Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	FY 2009	FY 2010	FY 2011
State Revenue			
Casino Revenue Fund	\$2,885,578	\$3,850,864	Indeterminate

Based on information provided by the Casino Control Commission, this fiscal estimate assumes that the total unclaimed casino obligations estimated to be owed to patrons is \$13.7 million and that the effective date of the bill is on or before June 30, 2009.

- In relevant part, this bill provides that all unclaimed casino obligations arising after the bill's effective date, that remain outstanding after one year of the issuance of the obligation, will be allocated 25 percent to the State for deposit into the Casino Revenue Fund and 75 percent to the casino licensee for specified purposes.
- The bill provides that all unclaimed casino obligations extant on the bill's effective date will be allocated evenly between the State for deposit into the Casino Revenue Fund and the casino licensee. In addition, the bill requires the casino licensees to make an advance payment of 25 percent of these unclaimed obligations for deposit into the Casino Revenue Fund by June 30, 2009. The remainder of the State's share is to be deposited in the Casino Revenue Fund one year after the effective date of the bill.
- Based on information provided by the Casino Control Commission (CCC), the Office of Legislative Services (OLS) estimates that current unclaimed casino obligations, referred to in the bill, total \$13.7 million. The OLS notes that if patrons make claims for the money that is owed to them within one year of the issuance of the obligation, then the amount of money

distributed pursuant to the formula will be reduced accordingly. Future unclaimed casino obligations cannot be estimated at this time.

- The OLS notes that the bill does not explicitly define unclaimed casino obligations for the purposes of the distribution formula. The OLS presumes that the CCC will specify by regulation the types of obligations that will be affected by the bill and that the estimate of State revenue reflects the CCC's intent in this regard. The determination of what is or is not included in the definition could have a significant effect on the amount of money eligible to be distributed according to the formula provided in the bill.
- This bill revises the definition of gross revenue and provides to the casinos an exemption from generally acceptable accounting principles (GAAP) for the purposes of internal control. The OLS notes that it cannot be said with certainty, at this time, what the implications may be of giving the casinos the ability to deviate from GAAP in regard to gross revenue taxes.
- This bill makes various changes related to casino service industry licensing, casino service employees, testing of gaming devices and casino simulcasting, and establishes a formula for the distribution of unclaimed casino obligations.

BILL DESCRIPTION

Senate Committee Substitute for Senate Bill No. 2519 of 2009 revises various provisions of the Casino Control Act. The provisions of the bill pertinent to this fiscal estimate provide that any obligation owed to a patron by a casino licensee as a result of a gaming transaction which remains unclaimed would expire in one year, and at that time the monetary amount or value of the debt would be distributed 25 percent to the Casino Revenue Fund and 75 percent to the casino licensee for marketing purposes. Concerning representations of debt issued or obligations incurred prior to the effective date of the bill, the obligation of the casino licensee to pay the patron would expire one year after the bill's effective date, and the monetary amount or value of those debts would be distributed 50 percent to the Casino Revenue Fund and 50 percent to the casino licensee.

Additionally, the bill provides that each casino licensee must, on or before June 30, 2009, make a payment to the Casino Revenue Fund in an amount equal to 25 percent of the value of the money or debt owed to its patrons as a result of gaming transactions that occurred more than one year prior to the effective date of the bill. This payment would be credited towards the total obligation of the casino licensee to make payments to the Casino Revenue Fund in an amount equal to 50 percent of the value of expired gaming related obligations incurred prior to the effective date of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

According to information provided by the CCC, the current unclaimed casino obligations total \$13.7 million. The OLS notes that if patrons make claims for the money owed to them within one year, then the amount of money distributed pursuant to the formula will be reduced accordingly. Additionally, it is not possible to estimate the potential revenues with respect to future unclaimed casino obligations that would be subject to the 25 percent distribution to the Casino Revenue Fund.

Based on information provided by the CCC, the OLS estimates that if the bill, for the purpose of this estimate, is enacted by April 1, 2010 and that \$13.7 million is the amount of current unclaimed casino obligations, then \$6.7 million is required to be deposited into the Casino Revenue Fund by April 1, 2010 and \$7.0 million is required to be retained by the casinos, assuming current obligations remain unclaimed by this date. The bill requires the casino licensees to make an advance payment of 25 percent of the amount owed, or \$2.9 million, to the Casino Revenue Fund by June 30, 2009, leaving the remaining \$3.8 million to be deposited one year after the effective date of this bill, or in this example, on April 1, 2010. Currently none of this money escheats to the State.

The OLS notes that it cannot be said with certainty, at this time, what the implications may be of giving the casinos the ability to deviate from GAAP in regard to gross revenue taxes. In addition, the OLS notes that the bill does not explicitly define unclaimed casino obligations for the purposes of the distribution formula. The OLS presumes that the CCC will specify by regulation the types of obligations that will be affected by the bill and that the estimate of State revenue reflects the CCC's intent in this regard. The determination of what is or is not included in the definition could have a significant effect on the amount of money eligible to be distributed according to the formula provided in the bill. Furthermore, the OLS notes that while the CCC testified that \$13.7 million in unclaimed casino obligations accrued from 2003 through 2008, it was not clear what types of obligations, e.g., vouchers, keno tickets, or benefits from loyalty programs, or perhaps even jackpots compose the total obligation and why obligations were not accrued before 2003.

Section: State Government

*Analyst: Kimberly Anne McCord
Associate Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).