

ASSEMBLY, No. 3120

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED JUNE 21, 2004

Sponsored by:

Assemblyman JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

Assemblyman FRANCIS J. BLEE

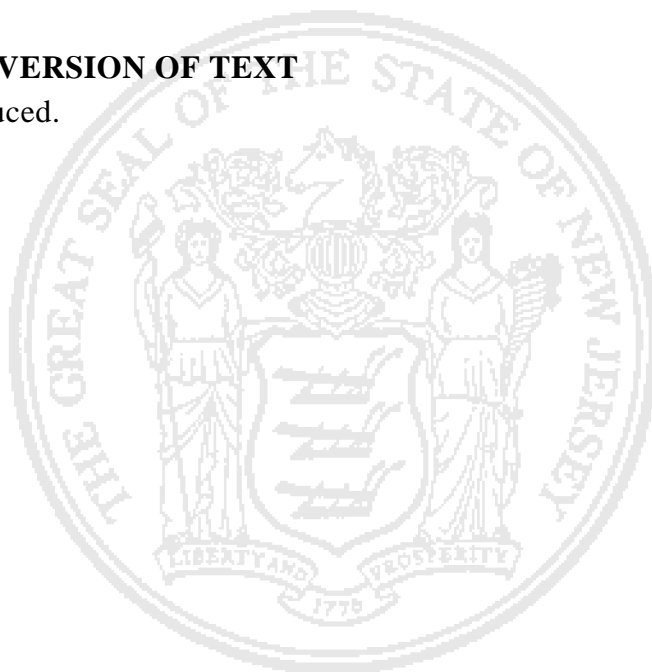
District 2 (Atlantic)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



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

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2

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

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

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

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

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

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

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

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

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

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

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

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

Matter underlined thus is new matter.

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

2

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (a) promote optimum security for casino operations;

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

18 (c) promote the comfort of patrons;

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

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

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

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

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

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

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

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

1 the rules of the commission.

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

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

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

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

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

40

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15

16 10. This act shall take effect immediately.

17

18

19

STATEMENT

20

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

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

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

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

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

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