

SENATE, No. 3113

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED NOVEMBER 21, 2011

Sponsored by:

Senator RAYMOND J. LESNIAK

District 20 (Union)

Senator JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

SYNOPSIS

Permits wagering at casinos and racetracks on certain professional and collegiate sports or athletic events.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/22/2011)

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

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

8
9 1. (New section) As used in this act:

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

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

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

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

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

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

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

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

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

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

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

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

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

Matter underlined thus is new matter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 e. method of issuing tickets;

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

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

46 h. use of credit and checks by patrons.

47
48 5. (New section) Each operator shall, subject to approval by the

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

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

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

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

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

1 8. This act shall take effect immediately.

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STATEMENT

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

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

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

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

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

9 The bill would take effect immediately.