

# ASSEMBLY, No. 4002

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MAY 4, 2020

**Sponsored by:**

**Assemblyman RALPH R. CAPUTO**

**District 28 (Essex)**

**Assemblyman RONALD S. DANCER**

**District 12 (Burlington, Middlesex, Monmouth and Ocean)**

**Assemblywoman CAROL A. MURPHY**

**District 7 (Burlington)**

**SYNOPSIS**

Allows deduction of promotional gaming credit from gross revenue on sports wagering.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 9/21/2020)

1 AN ACT concerning promotional gaming credits for sports wagering  
2 and supplementing P.L.2018, c.33 (C.5:12A-10 et seq.).

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

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7 1. a. A casino or racetrack that holds a sports wagering license  
8 shall receive an annual deduction from the gross revenue taxed  
9 pursuant to section 7 of P.L.2018, c.33 (C.5:12A-16) in an amount  
10 equal to the promotional gaming credits, whether or not such amounts  
11 include a play-through requirement or other restriction, actually  
12 wagered by patrons, that are reported by that licensee in its annual  
13 tax return.

14 b. (1) A casino or racetrack that holds a sports wagering license  
15 shall be allowed the deduction, pursuant to subsection a. of this  
16 section, from gross revenues from Internet sports wagering for a tax  
17 year for the total value of promotional gaming credits actually  
18 wagered by patrons for that tax year in excess of \$12,000,000. For  
19 the first tax year in which this act takes effect, the division shall  
20 reduce the \$12,000,000 deduction threshold for that tax year in  
21 proportion to the part of the tax year that has elapsed prior to the  
22 effective date of this act.

23 (2) A casino or racetrack that holds a sports wagering license  
24 shall be allowed the deduction, pursuant to subsection a. of this  
25 section, from gross revenues from non-Internet sports wagering for a  
26 tax year for the total value of promotional gaming credits actually  
27 wagered by patrons at all licensed casinos and racetracks for that tax  
28 year in excess of \$8,000,000. For the first tax year in which this act  
29 takes effect, the division shall reduce the \$8,000,000 deduction  
30 threshold for that tax year in proportion to the part of the tax year that  
31 has elapsed prior to the effective date of this act.

32 c. (1) The division shall establish, by regulation, procedures to  
33 ensure that the promotional gaming credit deduction established  
34 pursuant to this section does not result in a negative fiscal impact to  
35 the Casino Revenue Fund, or the General Fund as appropriate under  
36 section 7 of P.L.2018, c.33 (C.5:12A-16). If necessary, the division  
37 may reduce the value of the available deduction to eliminate any  
38 negative fiscal impact to the Casino Revenue Fund, or the General  
39 Fund as appropriate, attributable solely to the deduction and not to  
40 other economic or other factors that cause a negative fiscal impact to  
41 the Casino Revenue Fund, or the General Fund as appropriate.

42 (2) For the purposes of this subsection, "negative fiscal impact to  
43 the Casino Revenue Fund or the General Fund" shall mean that the  
44 amount generated from taxation of promotional gaming credits falls  
45 below the level generated in calendar year 2017.

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47 2. This act shall take effect immediately.

STATEMENT

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This bill allows a deduction of promotional gaming credit from gross revenues on sports wagering.

Under current law, the sums received by a casino or horse racing permit holder from sports wagering and Internet sports wagering is subject to an 8.5 percent tax for brick and mortar wagering, 13 percent tax for Internet wagering, and 1.25 percent tax for the Casino Reinvestment Development Authority. Various casinos and racetracks with sports pool operators and Internet sports pool operators utilize promotional wagers and free bets to attract new patrons to their wagering operation. The promotional wagers and free bets are paid out by the operator and applied to the patron's account for use on all or certain sporting events, dependent on the operator's promotion.

This bill states that free bet amounts or promotional wagering amounts provided by a casino or racetrack that holds a sports wagering license given to patrons as promotional funds will qualify for a promotional gaming credit, whether or not such amounts include a play-through requirement or other restriction, if the amount is actually wagered by the patron.

Under this bill, the first \$12,000,000 of promotional gaming credits for Internet sports wagering issued by all casinos and racetracks that hold a sports wagering license would still be taxed as gross revenue for Internet sports wagering. Any amount above that would be deducted from the gross revenues for Internet sports wagering and not taxed. The first \$8,000,000 of promotional gaming credits for non-Internet sports wagering issued by all casinos and racetracks that hold a sports wagering license would still be taxed as gross revenue for non-Internet sports wagering. Any amount above that would be deducted from the gross revenues for non-Internet sports wagering and not taxed.

The Division of Gaming Enforcement (DGE) will provide regulations to ensure that the deductions from promotional gaming credits do not result in a negative fiscal impact to the Casino Revenue Fund, or the General Fund as appropriate. For the purposes of this bill, "negative fiscal impact to the Casino Revenue Fund or the General Fund" means that the amount generated from taxation of promotional gaming credits falls below the level generated in calendar year 2017.