

ASSEMBLY, No. 4114

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 7, 2020

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Establishes “New Jersey Racetrack Growth and Development Fund” on behalf of eligible lessees of the New Jersey Sports and Exposition Authority.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT establishing the “New Jersey Racetrack Growth and
2 Development Fund” on behalf of eligible lessees of the New
3 Jersey Sports and Exposition Authority, supplementing Title 52
4 of the Revised Statutes.

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

8
9 1. As used in sections 1 through 10 of this act:

10 “Agricultural experiment station” means the New Jersey
11 Agricultural Experiment Station at Rutgers, the State University.

12 “Authority” means the New Jersey Sports and Exposition
13 Authority.

14 “Director” means the Director of the Division of Taxation in the
15 Department of the Treasury.

16 “Eligible lessee” means a person that:

17 leases a qualified racetrack facility;

18 is permitted, by the racing commission, to hold or conduct horse
19 race meetings at the qualified racetrack facility; and

20 satisfies any other criteria that may be prescribed by the State
21 Treasurer.

22 “Fund” means the “New Jersey Racetrack Growth and
23 Development Fund” established by section 2 of this act.

24 “Ground rent” means the amount paid to the authority by an
25 eligible lessee at fixed or predetermined intervals for the eligible
26 lessee’s right to lease, develop, and utilize a qualified racetrack
27 facility.

28 “Horse race meeting of national interest” means a horse race
29 meeting held or conducted within this State that garners national
30 media attention, which horse race meeting shall include but shall
31 not be limited to the Hambletonian, the Haskell, the National
32 Breeder’s Cup, and the National Breeders Crown races.

33 “Qualified racetrack facility” means the physical track, and any
34 ground, enclosure, or other facility contiguous to the track, that is
35 owned by the authority on the effective date of this act and used by
36 an eligible lessee to hold or conduct horse race meetings permitted
37 by the racing commission.

38 “Racing commission” means the New Jersey Racing
39 Commission established by section 1 of P.L.1940, c.17 (C.5:5-22).

40 “Tax dedication period” means the period on or after July 1,
41 2020 but before July 1, 2031.

42
43 2. There is established in the Department of the Treasury a
44 special, non-lapsing fund to be known as the “New Jersey
45 Racetrack Growth and Development Fund.”

46 The fund shall be administered by the State Treasurer, and shall
47 be the repository for money credited to the fund by the director
48 pursuant to sections 3, 4, and 5 of this act.

1 The Legislature shall appropriate annually, in each State fiscal
2 year beginning on or after July 1, 2021 but before July 1, 2032, all
3 money credited to the fund by the director, and any income derived
4 from the investment of money credited to the fund, to the
5 Department of the Treasury.

6 The State Treasurer shall use money appropriated from the fund
7 to make the following payments, subject to the following priorities,
8 during the State fiscal year in which the appropriation is made:

9 lease reduction payments to the authority pursuant to section 6 of
10 this act, shall be given first priority;

11 racetrack growth and development funding payments to the
12 racing commission pursuant to section 7 of this act, shall be given
13 second priority; and

14 equine research payments to the agricultural experiment station
15 pursuant to section 8 of this act, shall be given third priority.
16

17 3. Notwithstanding the provisions of any law to the contrary,
18 an amount equal to 50 percent of the tax collected pursuant to the
19 “Sales and Use Tax Act,” P.L.1966, c.30 (C.54:32B-1 et seq.), from
20 sales of or charges for the following at or on the grounds of a
21 qualified racetrack facility during the tax dedication period shall be
22 credited to the fund, by the director, within 10 calendar days of the
23 date the tax attributable to eligible sales and charges is paid to the
24 director:

25 tangible personal property, except motor vehicles, aircraft, boats
26 and other vessels, energy, alcoholic beverages, and tobacco, subject
27 to taxation pursuant to subsection (a) of section 3 of P.L.1966, c.30
28 (C.54:32B-3);

29 services subject to taxation pursuant to paragraph (1), (2), (3),
30 and (4) of subsection (b) of section 3 of P.L.1966, c.30 (C.54:32B-
31 3);

32 prepared food subject to taxation pursuant to paragraph (1) of
33 subsection (c) of section 3 of P.L.1966, c.30 (C.54:32B-3);

34 food and beverages subject to taxation pursuant to paragraph (2)
35 of subsection (c) of section 3 of P.L.1966, c. 30 (C.54:32B-3);

36 admission charges subject to taxation pursuant to paragraph (1)
37 of subsection (e) of section 3 of P.L.1966, c.30 (C.54:32B-3);

38 charges of a roof garden, cabaret, or other similar place subject
39 to taxation pursuant to paragraph (2) of subsection (e) of section 3
40 of P.L.1966, c.30 (C.54:32B-3); and

41 motor vehicle parking charges subject to taxation pursuant to
42 subsection (i) of section 3 of P.L.1966, c.30 (C.54:32B-3).
43

44 4. Notwithstanding the provisions of any law to the contrary,
45 an amount equal to 50 percent of the tax collected pursuant to the
46 “Sales and Use Tax Act,” P.L.1966, c.30 (C.54:32B-1 et seq.), from
47 sales of or charges for the following to an eligible lessee during the
48 tax dedication period for use or consumption directly and

1 exclusively in the conduct or operation of a qualified racetrack
2 facility shall be credited to the fund, by the director, within 10
3 calendar days of the date the tax attributable to eligible sales and
4 charges is paid to the director:

5 tangible personal property, except motor vehicles, aircraft, boats
6 and other vessels, energy, alcoholic beverages, and tobacco, subject
7 to taxation pursuant to subsection (a) of section 3 of P.L.1966, c.30
8 (C.54:32B-3);

9 specified digital products subject to taxation pursuant to
10 subsection (a) of section 3 of P.L.1966, c.30 (C.54:32B-3);

11 services subject to taxation pursuant to paragraph (1), (2), (3),
12 and (4) of subsection (b) of section 3 of P.L.1966, c.30 (C.54:32B-
13 3);

14 mail processing services subject to taxation pursuant to
15 paragraph (5) of subsection (b) of section 3 of P.L.1966, c.30
16 (C.54:32B-3);

17 investigation and security services subject to taxation pursuant to
18 paragraph (11) of subsection (b) of section 3 of P.L.1966, c.30
19 (C.54:32B-3);

20 information services subject to taxation pursuant to paragraph
21 (12) of subsection (b) of section 3 of P.L.1966, c.30 (C.54:32B-3);

22 telephone answering services subject to taxation pursuant to
23 paragraph (14) of subsection (b) of section 3 of P.L.1966, c.30
24 (C.54:32B-3);

25 radio subscription services subject to taxation pursuant to
26 paragraph (15) of subsection (b) of section 3 of P.L.1966, c.30
27 (C.54:32B-3);

28 prepared food subject to taxation pursuant to paragraph (1) of
29 subsection (c) of section 3 of P.L.1966, c.30 (C.54:32B-3); and

30 intrastate, interstate, and international telecommunications
31 services and ancillary services subject to taxation pursuant to
32 paragraph (1) of subsection (f) of P.L.1966, c.30 (C.54:32B-3).

33

34 5. Notwithstanding the provisions of any law to the contrary,
35 an amount equal to 50 percent of the tax collected pursuant to the
36 “Sales and Use Tax Act,” P.L.1966, c.30 (C.54:32B-1 et seq.), from
37 sales of or charges for the following to a contractor or repairman
38 during the tax dedication period for the direct and exclusive use in
39 erecting structures or building on or otherwise improving, altering,
40 or repairing real property at or on the grounds of a qualified
41 racetrack facility shall be credited to the fund, by the director,
42 within 10 calendar days of the date the tax attributable to eligible
43 sales and charges is paid to the director:

44 materials and supplies subject to taxation pursuant to subsection
45 (a) of section 3 of P.L.1966, c.30 (C.54:32B-3); and

46 services subject to taxation pursuant to paragraph (1), (2), (3),
47 and (4) of subsection (b) of section 3 of P.L.1966, c.30 (C.54:32B-
48 3).

1 6. The State Treasurer shall make annually, in each State fiscal
2 year beginning on or after July 1, 2021 but before July 1, 2032,
3 lease reduction payments to the authority from money appropriated
4 from the fund for the purpose of reducing the ground rent that is
5 due and required to be paid to the authority by eligible lessees.

6 The amount of each payment made to the authority by the State
7 Treasurer on behalf of an eligible lessee during a State fiscal year
8 shall be equal to the lesser of:

9 50 percent of the ground rent that is due and required to be paid
10 to the authority by the eligible lessee during the State fiscal year in
11 which the payment is made; or

12 the amount credited to the fund by the director from sales and
13 charges attributable to the eligible lessee during the State fiscal year
14 immediately preceding the State fiscal year in which the payment is
15 made.

16 The total amount of all payments made to the authority by the
17 State Treasurer on behalf of eligible lessees during a State fiscal
18 year shall not exceed 90 percent of the amount appropriated from
19 the fund during the State fiscal year in which the payment is made.
20 An eligible lessee shall not receive the benefit of a payment allowed
21 pursuant to this section unless the eligible lessee has made and filed
22 an annual application for payment that has been reviewed and
23 approved by the State Treasurer. The State Treasurer shall not make
24 a payment to the authority on behalf of an eligible lessee for the
25 amount of any ground rent that was due, or that may be due, and
26 required to be paid in a State fiscal year that precedes, or that
27 follows, the State fiscal year in which the payment is made.

28 The State Treasurer shall make payments to the authority on
29 behalf of eligible lessees at the times, and in the amounts, that the
30 State Treasurer determines to be necessary and appropriate to
31 effectuate the purposes of this section.

32

33 7. The State Treasurer shall make annually, in each State fiscal
34 year beginning on or after July 1, 2021 but before July 1, 2032,
35 racetrack growth and development funding payments to the racing
36 commission from money appropriated from the fund for the purpose
37 of awarding grants to eligible lessees to support the growth and
38 development of a sustainable horse racing industry within this State
39 by attracting and retaining horse race meetings of national interest.

40 The amount of each payment made to the racing commission by
41 the State Treasurer during a State fiscal year shall be equal to the
42 amount determined collectively, by each eligible lessee, to be used
43 to support the growth and development of a sustainable horse racing
44 industry within this State by attracting and retaining horse race
45 meetings of national interest from amounts appropriated from the
46 fund during the fiscal year that remain available after all lease
47 reduction payments have been made to the authority pursuant to
48 section 6 of this act.

1 The total amount of all payments made to the racing commission
2 by the State Treasurer during a State fiscal year shall not exceed 75
3 percent of the amounts appropriated from the fund during the State
4 fiscal year that remain available after all lease reduction payments
5 have been made to the authority pursuant to section 6 of this act.
6 The racing commission shall not receive the benefit of a payment
7 allowed pursuant to this section unless the eligible lessees have,
8 collectively, made and filed an annual application for payment that
9 has been reviewed and approved by the State Treasurer. The State
10 Treasurer shall not make a payment to the racing commission that
11 will be used for a horse race meeting of national interest that was
12 held, or that will be held, in a State fiscal year that precedes, or that
13 follows, the State fiscal year in which the payment is made.

14 The State Treasurer shall make payments to the racing
15 commission at the times, and in the amounts, that the State
16 Treasurer determines to be necessary and appropriate to effectuate
17 the purposes of this section.

18

19 8. The State Treasurer shall make annually, in each State fiscal
20 year beginning on or after July 1, 2021 but before July 1, 2032,
21 equine research payments to the agricultural experiment station
22 from money appropriated from the fund for the purpose of
23 supporting the research and educational activities of the Rutgers
24 Equine Science Center.

25 The amount of each payment made to the agricultural experiment
26 station by the State Treasurer during a State fiscal year shall be
27 equal to the amount determined collectively, by each eligible lessee,
28 to be used to support the research and educational activities of the
29 Rutgers Equine Science Center from amounts appropriated from the
30 fund during the fiscal year that remain available after all lease
31 reduction payments have been made to the authority pursuant to
32 section 6 of this act and all racetrack growth and development
33 funding payments have been made to the racing commission
34 pursuant to section 7 of this act.

35 The total amount of all payments made to the agricultural
36 experiment station by the State Treasurer during a State fiscal year
37 shall not exceed 75 percent of the amounts appropriated from the
38 fund during the State fiscal year that remain available after all lease
39 reduction payments have been made to the authority pursuant to
40 section 6 of this act. The agricultural experiment station shall not
41 receive the benefit of a payment allowed pursuant to this section
42 unless the eligible lessees have, collectively, made and filed an
43 annual application for payment that has been reviewed and
44 approved by the State Treasurer. The State Treasurer shall not make
45 a payment to the agricultural experiment station to support research
46 and educational activities of the Rutgers Equine Science Center that
47 were conducted, or that will be conducted, in a State fiscal year that

1 precedes, or that follows, the State fiscal year in which the payment
2 is made.

3 The State Treasurer shall make payments to the agricultural
4 experiment station at the times, and in the amounts, that the State
5 Treasurer determines to be necessary and appropriate to effectuate
6 the purposes of this section.

7

8 9. The State Treasurer shall make annually, on or before
9 September 1 of each year following a State fiscal year in which a
10 payment is made from money appropriated from the fund, a report
11 regarding the implementation and administration of the fund.

12 The report shall, at a minimum, provide a statement detailing:

13 the amount credited to the fund by the director pursuant to
14 sections 3, 4, and 5 of this act during each of the two State fiscal
15 years immediately preceding the State fiscal year in which the
16 report is required to be made;

17 the amount appropriated from the fund to the Department of the
18 Treasury pursuant to section 2 of this act during the State fiscal year
19 immediately preceding the State fiscal year in which the report is
20 required to be made;

21 the date and the amount of each lease reduction payment made to
22 the authority pursuant to section 6 of this act during the State fiscal
23 year immediately preceding the State fiscal year in which the report
24 is required to be made;

25 the date and the amount of each racetrack growth and
26 development funding payment made to the racing commission
27 pursuant to section 7 of this act during the State fiscal year
28 immediately preceding the State fiscal year in which the report is
29 required to be made; and

30 the date and the amount of each equine research payment made
31 to the agricultural experiment station pursuant to section 8 of this
32 act during the State fiscal year immediately preceding the State
33 fiscal year in which the report is required to be made.

34 The State Treasurer shall publish the report online through a link
35 prominently displayed on the Department of the Treasury's Internet
36 website, and shall transmit a copy of the report to the Legislature, in
37 accordance with section 2 of P.L.1991, c.164 (C.52:14-19.1), within
38 five calendar days of the date the report is required to be made.

39

40 10. Notwithstanding the provisions of the "Administrative
41 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
42 contrary, the State Treasurer and the director may adopt
43 immediately upon filing with the Office of Administrative Law
44 such rules and regulations as the State Treasurer or the director
45 determines to be necessary to effectuate the purposes of this act,
46 which rules and regulation shall be effective for a period not
47 exceeding 360 days following the effective date of this act and may
48 thereafter be amended, adopted, or readopted by the State Treasurer

1 or the director in accordance with the requirements of P.L.1968,
2 c.410 (C.52:14B-1 et seq.).

3
4 11. This act shall take effect immediately.

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6
7 STATEMENT

8
9 This bill establishes the “New Jersey Racetrack Growth and
10 Development Fund,” and requires money appropriated from the
11 fund to be used to make payments to certain entities on behalf of
12 eligible lessees of the New Jersey Sports and Exposition Authority
13 to support the growth and development of a sustainable horse racing
14 industry within this State.

15 Under the bill, the “New Jersey Racetrack Growth and
16 Development Fund” is established as a special, non-lapsing fund
17 within the Department of the Treasury. The bill requires the State
18 Treasurer to administer the fund, and provides for the fund to be
19 used as a repository for certain amounts credited to the fund.

20 The bill requires the Director of the Division of Taxation to
21 credit to the fund an amount equal to 50 percent of the sales and use
22 tax collected from certain sales of and charges for eligible goods
23 and services that are made or rendered during the tax dedication
24 period (on or after July 1, 2020 but before July 1, 2031). The bill
25 provides that these sales and charges of goods and services include:

26 -- tangible personal property (including “claimed” racehorses),
27 prepared foods (including concessions), admission charges, charges
28 for parking motor vehicles, and certain enumerated services,
29 *provided* such sales or charges are made or rendered at or on the
30 grounds of a qualified racetrack facility;

31 -- tangible personal property, specified digital products, and
32 certain enumerated services, *provided* such sales and charges are
33 made or rendered to an eligible lessee and used or consumed
34 directly and exclusively in the conduct or operation of a qualified
35 racetrack facility; and

36 -- materials, supplies, and certain enumerated services, *provided*
37 such sales and charges are made or rendered to a contractor or
38 repairman for the direct and exclusive use in erecting structures or
39 building on or otherwise improving, altering, or repairing real
40 property at or on the grounds of a qualified racetrack facility.

41 The bill requires the Legislature to appropriate annually, in each
42 State fiscal year beginning on or after July 1, 2021 but before July
43 1, 2032, all amounts credited to the fund by the Director of the
44 Division of Taxation, together with any income derived from the
45 investment of money credited to the fund, to the Department of the
46 Treasury. The bill requires the State Treasurer to use money
47 appropriated from the fund to make the following payments, subject

1 to the following priorities, during the State fiscal year in which the
2 appropriation is made:

3 -- lease reduction payments to the New Jersey Sports and
4 Exposition Authority to reduce the ground rent due and required to
5 be paid to the authority by eligible lessees, will be given first
6 priority;

7 -- racetrack growth and development funding payments to the
8 New Jersey Racing Commission for the purpose of awarding grants
9 to eligible lessees to support the growth and development of a
10 sustainable horse racing industry within the State by attracting and
11 retaining horse race meetings of national interest, will be given
12 second priority; and

13 -- equine research payments to the New Jersey Agricultural
14 Experiment Station at Rutgers, the State University for the purpose
15 of supporting research and educational activities of the Rutgers
16 Equine Science Center, will be given third priority.

17 The bill provides that each *lease reduction payment* made to the
18 authority on behalf of an eligible lessee will be equal to the lesser
19 of: 50 percent of the ground rent due and required to be paid to the
20 authority by the eligible lessee during the State fiscal year in which
21 the payment is made; *or* the amount credited to the fund from sales
22 and charges attributable to the eligible lessee during the State fiscal
23 year immediately preceding the State fiscal year in which the
24 payment is made. The bill provides that the total amount of all
25 payments made to the authority on behalf of eligible lessees during
26 a State fiscal year will not exceed 90 percent of the total amount
27 appropriated from the fund during the State fiscal year in which the
28 payment is made.

29 The bill provides that each *racetrack growth and development*
30 *funding payment* made to the racing commission will be equal to the
31 amount determined collectively, by eligible lessees, to be used to
32 support the growth and development of a sustainable horse racing
33 industry within this State by attracting and retaining horse race
34 meetings of national interest from appropriated amounts that remain
35 available after all lease reduction payments have been made to the
36 authority. The bill provides that the total amount of all payments
37 made to the racing commission during a State fiscal year will not
38 exceed 75 percent of the appropriated amounts that remain available
39 after all lease reduction payments have been made.

40 The bill provides that each *equine research payment* made to the
41 agricultural experiment station during a State fiscal year will be
42 equal to the amount determined collectively, by eligible lessees, to
43 be used to support research and educational activities of the Rutgers
44 Equine Science Center from appropriated amounts that remain
45 available after all lease reduction payments have been made to the
46 authority and all racetrack growth and development funding
47 payments have been made to the racing commission. The bill
48 provides that the total amount of all payments made to the

1 agricultural experiment station during a State fiscal year will not
2 exceed 75 percent of the appropriated amounts that remain available
3 after all lease reduction payments have been made.

4 The bill requires the State Treasurer to make an annual report
5 regarding the implementation and administration of the fund. The
6 bill requires the report to be published online through a link
7 prominently displayed on the Department of the Treasury's Internet
8 website, and a copy of the report to be transmitted to the
9 Legislature.

10 The bill authorizes the State Treasurer and the Director of the
11 Division of Taxation to adopt rules and regulations necessary to
12 effectuate the purposes of the bill, and permits the immediate filing
13 of those rules and regulations with the Office of Administrative
14 Law, effective for a period not to exceed 360 days following the
15 bill's effective date.

16 The bill takes effect immediately upon enactment.