

ASSEMBLY, No. 4354

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JULY 2, 2020

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Authorizes placement of patron-operated lottery terminals at running and harness horse racetracks.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT authorizing the placement at running and harness horse
2 racetracks of patron-operated lottery terminals, supplementing
3 Title 5 of the Revised Statutes, and repealing P.L.1983, c.80.

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

7
8 1. The State Lottery Commission, established pursuant to
9 section 4 of P.L.1970, c.13 (C.5:9-4), may authorize the playing of
10 lottery games using patron-operated lottery terminals, of a type and
11 kind to be determined by the commission, at running and harness
12 horse racetracks in this State that conducted live racing during 2015
13 with up to 500 terminals at each racetrack. The commission shall
14 enter into an agreement with a permit holder for the facility or
15 facilities necessary or desirable to conduct games using lottery
16 terminals authorized under this section. Revenue generated from
17 the establishment of patron-operated lottery terminals shall be
18 deposited into the Racetrack Lottery Terminal Fund, established
19 pursuant to section 2 of P.L. , c. (C.) (pending before the
20 Legislature as this bill).

21 Prior to the establishment of lottery terminals pursuant to this
22 section, the commission shall conduct a study to determine the
23 optimal number of lottery terminals to be established, any capital
24 costs associated with the establishment of the optimal number of
25 lottery terminals, and revenue projections for the lottery terminals.

26
27 2. a. There is created in the Department of the Treasury a non-
28 lapsing revolving fund to be known as the Racetrack Lottery
29 Terminal Fund, to be held separate and apart from all other funds of
30 the State, and to be deposited in such depositories as the State
31 Treasurer may select. Such fund shall consist of all amounts
32 received from the establishment of lottery terminals authorized
33 pursuant to section 1 of P.L. , c. (C.) (pending before the
34 Legislature as this bill). All earnings received from the investment
35 or deposit of moneys in the fund shall be credited to the fund.

36 b. The moneys in the Racetrack Lottery Terminal Fund shall be
37 appropriated only for the:

38 (1) payment of prizes to the holders of winning lottery tickets or
39 shares;

40 (2) expenses of the Division of the State Lottery in its operation
41 of games using patron-operated lottery terminals;

42 (3) other necessary administrative expenses associated with the
43 operation of patron-operated lottery terminals; and

44 (4) for payment to participating permit holders an amount
45 negotiated with the permit holders but which shall not be less than
46 one-third of revenues remaining after payment of paragraphs (1)
47 through (3) of this subsection.

1 c. The amounts in the Racetrack Lottery Terminal Fund
2 remaining after the payment of winnings and other expenses
3 pursuant to subsection b. of this section, shall be distributed as
4 follows: (1) one-third shall be transferred to the “Horse Racing
5 Special Fund,” for the horse racing industry as provided by section
6 3 of P.L. , c. (C.) (pending before the Legislature as this bill);
7 (2) one-third shall be transferred to the General Fund for general
8 State purposes; and (3) one-third shall be dedicated to the funding
9 of State aid for education.

10 d. On or about March 15 and September 15 of each year, the
11 State Treasurer shall publish in at least 10 newspapers circulating
12 generally in the State a report accounting for the total revenues
13 received in the Racetrack Lottery Terminal Fund and the specific
14 amounts of money appropriated therefrom for specific expenditures
15 during the preceding six months ending December 31 and June 30.

16
17 3. a. The New Jersey Racing Commission shall establish and
18 administer a separate fund to be known as the “Horse Racing
19 Special Fund,” into which shall be transferred monthly from the
20 Racetrack Lottery Terminal Fund established pursuant to section 2
21 of P.L. , c. (C.) (pending before the Legislature as this bill)
22 the amounts from the establishment of patron-operated lottery
23 terminals dedicated to it for allocation by the commission to the
24 benefit of the horse racing industry. Money deposited into the fund
25 shall be disbursed monthly and used as provided in subsection b. of
26 this section.

27 b. The proceeds allocated to the benefit of the horse racing
28 industry shall be distributed as follows: 41.7 percent to participating
29 permit holders conducting thoroughbred racing pursuant to
30 P.L.1940, c.17 (C.5:5-22 et seq.) for the purpose of supplementing
31 purses; 41.7 percent to participating permit holders conducting
32 standardbred racing pursuant to P.L.1940, c.17 (C.5:5-22 et seq.)
33 for the purpose of supplementing purses; 8.3 percent for
34 thoroughbred State bred races or incentives to run New Jersey breds
35 in open company; and 8.3 percent for standardbred State bred races
36 or incentives to run New Jersey breds in open company.

37 If any of the funds for permit holders cannot be distributed
38 because there were no participating permit holders conducting
39 thoroughbred races or no participating permit holders conducting
40 standardbred races, those funds shall be distributed instead among
41 participating permit holders without regard to breed.

42
43 4. In the case of patron-operated lottery terminals established
44 pursuant to section 1 of P.L. , c. (C.) (pending before the
45 Legislature as this bill), the Division of the State Lottery shall
46 apportion the total revenues accruing from the sale of lottery tickets
47 or shares and from all other sources among: (a) the payment of
48 prizes to the holders of winning tickets or shares; (b) the payment of

1 costs incurred in the operation and administration of the lottery,
2 including the expenses of the division and the costs resulting from
3 any contract or contracts entered into for promotional, advertising
4 or operational services, or for the purchase or lease of lottery
5 equipment and materials; and (c) for transfer into the Racetrack
6 Lottery Terminal Fund, established pursuant to section 2 of
7 P.L. , c. (C.) (pending before the Legislature as this bill) the
8 revenues from the patron-operated lottery terminals for such
9 purposes as may be provided by law.

10
11 5. A person under the age of 21 shall be prohibited from
12 playing lottery games using patron-operated lottery terminals
13 authorized pursuant to section 1 of P.L. , c. (C.) (pending
14 before the Legislature as this bill).

15
16 6. Unclaimed prize money for the prize on a winning ticket or
17 share on a patron-operated lottery terminal authorized pursuant to
18 section 1 of P.L. , c. (C.) (pending before the Legislature as
19 this bill) shall be retained by the director for the person entitled
20 thereto for one year after the drawing in which the prize was won.
21 If no claim is made for that money within such year, the prize
22 money shall be allocated to the Racetrack Lottery Terminal Fund
23 established pursuant to section 2 of that act.

24
25 7. The Division of the State Lottery shall:

26 a. Investigate the qualifications of each applicant to operate
27 patron-operated lottery terminals before any license is issued by the
28 State Lottery Commission pursuant to the provisions of
29 P.L. , c. (C.) (pending before the Legislature as this bill);

30 b. Investigate violations of P.L.1970, c.13 (C.5:9-1 et seq.) or
31 the regulations promulgated thereunder relating to patron-operated
32 lottery terminals;

33 c. Provide assistance upon request by the State Lottery
34 Commission in the consideration and promulgation of rules and
35 regulations relating to patron-operated lottery terminals;

36 d. Conduct continuing reviews of patron-operated lottery
37 terminal operations through on-site observation and other
38 reasonable means to assure compliance with P.L.1970, c.13 (C.5:9-
39 1 et seq.) and the regulations promulgated thereunder;

40 e. Receive and take appropriate action on any referral from the
41 State Lottery Commission relating to any evidence of a violation of
42 P.L.1970, c.13 (C.5:9-1 et seq.) or the regulations promulgated
43 thereunder relating to patron-operated lottery terminals;

44 f. Exchange fingerprint data with, and receive criminal history
45 record information from, the Federal Bureau of Investigation for
46 use in considering applicants for any license relating to patron-
47 operated lottery terminals issued pursuant to the provisions of
48 P.L.1970, c.13 (C.5:9-1 et seq.);

1 g. Conduct audits of patron-operated lottery terminal
2 operations at such times, under such circumstances, and to such
3 extent as the director shall determine, including reviews of
4 accounting, administrative and financial records, and management
5 control systems, procedures and records utilized by a patron-
6 operated lottery terminal licensee; and

7 h. Be entitled to request and receive information, materials and
8 any other data from any patron-operated lottery terminal licensee,
9 or applicant for a license, under P.L.1970, c.13 (C.5:9-1 et seq.).
10

11 8. As a condition of the operation of patron-operated lottery
12 terminals at a racetrack, the permit holder shall establish, develop,
13 construct, acquire, own, operate, manage, promote, maintain, repair,
14 reconstruct, restore, improve and otherwise effectuate, either
15 directly or indirectly through lessees, licensees or agents, a patron-
16 operated lottery terminal project consisting of a facility or facilities,
17 including any real or personal property, furnishings and equipment,
18 necessary or desirable to conduct lottery games using lottery
19 terminals as authorized and regulated by the State Lottery
20 Commission pursuant to section 1 of P.L. , c. (C.) (pending
21 before the Legislature as this bill), such facility or facilities to be
22 located at the racetrack. In connection therewith, the permit holder
23 may enter into an agreement with the State Lottery Commission to
24 effectuate the lottery terminal project and to receive payment for its
25 administrative expenses relating to the lottery terminal project from
26 the Racetrack Lottery Terminal Fund, established pursuant to
27 section 2 of P.L. , c. (C.) (pending before the Legislature as
28 this bill). Revenues from the lottery terminal project authorized
29 pursuant to this section shall be excluded from racing revenues.
30 The permit holder shall provide for the financing or refinancing of
31 the lottery terminal project.
32

33 9. The Division of the State Lottery, pursuant to the
34 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
35 1 et seq.), shall promulgate such rules and regulations as may be
36 necessary to effectuate the purposes of P.L. , c. (C.) (pending
37 before the Legislature as this bill).
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39 10. P.L.1983, c.80 (C.5:9-7.1) is repealed.
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41 11. This act shall take effect immediately.
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43

44 STATEMENT

45

46 This bill permits the State Lottery Commission to authorize
47 lottery games on up to 500 patron-operated lottery terminals at
48 facilities located at participating running and harness horse

1 racetracks in this State that conducted live racing during 2015. The
2 facility for the lottery terminal project would be developed by each
3 permit holder. The Division of the State Lottery would have
4 investigatory and enforcement responsibilities over the lottery
5 terminal licensees and games.

6 Revenue generated by the lottery terminals would be deposited
7 into a newly created "Racetrack Lottery Terminal Fund," to be
8 appropriated only for the payment of prizes to the winners of lottery
9 games, the expenses of the Division of the State Lottery, the
10 administrative expenses of participating permit holders in operating
11 the facility for the lottery terminals, and other necessary
12 administrative expenses. Not less than one-third of the amount
13 remaining would be paid to participating permit holders. Of the
14 revenue amounts remaining in the fund, one-third would be
15 transferred for the benefit of the horse racing industry, and one-
16 third would be transferred into the General Fund of the State for the
17 funding of State expenses, and one-third would fund State aid for
18 education.

19 The bill repeals N.J.S.A.5:9-7.1 which currently prohibits video
20 lottery terminals.