

SENATE, No. 541

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator RICHARD J. CODEY

District 27 (Essex and Morris)

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District 16 (Hunterdon, Mercer, Middlesex and Somerset)

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Senators Gopal and Oroho

SYNOPSIS

Permits persons at horse racetracks and off-track wagering facilities to place wagers on previously-recorded live horse races.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** permitting persons at horse racetracks and off-track
2 wagering facilities to place wagers on previously-recorded live
3 horse races, and supplementing chapter 5 of Title 5 of the
4 Revised Statutes.

5

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

8

9 1. a. As used in this section:

10 “previously-recorded live race” means a previously-recorded live
11 running or harness horse race which does not identify the actual
12 race on which pari-mutuel wagers are placed by a person using an
13 electronic pari-mutuel wagering terminal located at a racetrack or
14 off-track wagering facility in this State.

15 b. Notwithstanding the provisions of any other law or rule or
16 regulation to the contrary, it shall be lawful for the New Jersey
17 Racing Commission to authorize a permit holder that is licensed to
18 conduct a horse race meeting in this State or an off-track wagering
19 licensee to accept, under regulation of the commission, wagers on
20 previously-recorded live races, with wagers placed through either
21 electronic pari-mutuel wagering terminals located at a licensed
22 racetrack facility or an off-track wagering facility by persons who
23 are physically present at those racetracks or facilities.

24 c. To effectuate the provisions of this section, the commission
25 shall, pursuant to the provisions of the “Administrative Procedures
26 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate rules and
27 regulations necessary to:

28 (1) evaluate the type of equipment that may be used in
29 wagering, subject to approval by the commission;

30 (2) authorize the permit holder to enter into contracts with
31 vendors, operators, and other entities, as may be necessary, for the
32 establishment and operation of the electronic pari-mutuel wagering
33 terminals;

34 (3) ensure that proper payments are made to the winning bettors
35 who shall share the gross amount wagered minus the applicable
36 commission, and that remaining amounts are properly distributed
37 among the permit holder or licensee, applicable partner entities, and
38 horse racing and breeding industry stakeholders in accordance with
39 subsection d. of this section;

40 (4) ensure that necessary safeguards are in place to guarantee
41 the security and integrity of the electronic pari-wagering terminals
42 and of the pari-mutuel wagering conducted thereon and to prevent
43 minors from wagering;

44 (5) ensure that the information provided on the previously-live
45 race is true and accurate as of the day of the race and does not
46 provide any information that might help patrons identify the actual
47 race, including the date of the race, the race course, the names of
48 the horses, riders, drivers, or trainers;

1 (6) ensure that the live pool wagering “types” offered are
2 identical with those offered in the previously-recorded live race;

3 (7) ensure that the system allows for pari-mutuel wagering on a
4 horse race displayed as a video or audio recording, but does not
5 authorize wagering on any animation, computer simulation or other
6 artificial representation of horse racing; and

7 (8) regulate any other aspects of the electronic pari-mutuel
8 wagering operation the commission deems appropriate.

9 d. As used in this subsection, "takeout" means that portion of a
10 wager which is deducted from or not included in the pari-mutuel
11 pool, and which is distributed other than to persons placing wagers.

12 The takeout rate for a previously-recorded live race shall be not
13 more than 20 percent, and shall be 20 percent in the absence of an
14 agreement prescribing a lesser takeout percentage.

15 The amount resulting from the takeout rate for previously-
16 recorded live race wagering conducted at a racetrack or at an off-
17 track wagering facility shall be distributed as follows: 15 percent to
18 purses; 1 percent to breeder awards and 4 percent to Sire Stakes or
19 State-bred awards; 15 percent to race technology fees; 3 percent to
20 simulcasting and video usage fees; and 62 percent to the permit
21 holder.

22 e. An excise tax shall be imposed on all tracks and off-track
23 wagering facilities conducting pari-mutuel wagering on previously-
24 recorded live races under the jurisdiction of the commission at a
25 rate of 1.5 percent of all money wagered on previously-recorded
26 live races at the track during the State fiscal year. Money shall be
27 deducted from the tax paid as follows:

28 (1) an amount equal to 1.2 percent of all money wagered on
29 previously-recorded live races shall be deposited into the General
30 Fund and dedicated specifically to the Department of the Treasury
31 to be used to pay the State’s required annual contribution to the
32 State-administered retirement systems;

33 (2) an amount equal to 0.1 percent of all money wagered on
34 previously-recorded live races shall be distributed to the New
35 Jersey Racing Commission for operations and administration;

36 (3) an amount equal to 0.05 percent of all monies wagered on
37 previously live races shall be deposited in a dedicated
38 nonlapsingtrust and revolving fund to support the Equine Science
39 Center at Rutgers University;

40 (4) an amount equal to 0.05 percent of all monies wagered on
41 previously-recorded live races shall be deposited in a special trust
42 account for the construction, expansion, or renovation of facilities
43 or the purchase of equipment for equine programs at public
44 institutions of higher education; and

45 (5) an amount equal to 0.1 percent of all money wagered on
46 previously-recorded live races shall be distributed to the New
47 Jersey Racing Commission to support equine drug testing on live
48 horse races.

1 The excise tax imposed herein shall not apply to pari-mutuel
2 wagering on live or simulcast horse races.

3 f. Notwithstanding the provisions of subsection d of this
4 section to the contrary, a portion of the amount resulting from the
5 take-out rate that is dedicated for purses to the Standardbred
6 Breeders' and Owners' Association of New Jersey or to a
7 standardbred permit holder, and to the New Jersey Thoroughbred
8 Horsemen's Association or to a thoroughbred permit holder, may be
9 expended for other purposes that benefit the racing and breeding
10 industries in this State, pursuant to an agreement between the
11 respective permit holder and association, and subject to reporting in
12 the annual financial reports required to be submitted to the
13 commission. The provisions of this subsection shall not be
14 construed as to abrogate any contractual agreement among permit
15 holders in this State providing for previously-live race wagering
16 revenue sharing.

17 g. Subject to rules and regulations of the commission, a
18 racetrack or off-track wagering facility may commingle previously-
19 recorded live race wagers into interstate common pools for
20 previously-recorded live race wagering.

21 h. The provisions of this section shall be construed as severable
22 and if any part of this section is held unconstitutional, or for any
23 other reason invalid, any remaining parts thereof shall not be
24 affected thereby.

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26 2. This act shall take effect immediately.

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STATEMENT

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31 This bill would permit wagering at racetracks and off track
32 wagering facilities in this State on previously-recorded live running
33 or harness horse races that do not identify the actual race. Pari-
34 mutuel wagers of the same pool type would be placed using an
35 electronic pari-mutuel wagering.

36 The bill provides that the "takeout" or that portion of a wager
37 which is deducted from or not included in the parimutuel pool, and
38 which is distributed other than to persons placing wagers, will not
39 be more than 20 percent, and will be 20 percent in the absence of an
40 agreement prescribing a lesser takeout percentage. The takeout rate
41 amount for previously-recorded live wagering conducted at an off-
42 track wagering facility or at a racetrack will be distributed as
43 follows: 15 percent to purses; 1 percent to breeder awards and 4
44 percent to Sire Stakes or State-bred awards; 15 percent to race
45 technology fees; 3 percent to simulcasting fees; and 62 percent to
46 the permit holder, who shall be responsible for operating expenses,
47 marketing, and awards. Under the bill, previously-recorded live

1 race wagers may be commingled into interstate common pools for
2 previously-recorded live race wagering.

3 The bill also imposes a tax at a rate of 1.5 percent of money
4 wagered on previously-recorded live races during the State fiscal
5 year. A portion of these revenues will be dedicated to pay for
6 public employee retirement benefits, New Jersey Racing
7 Commission expenses, support of the Equine Science at Rutgers
8 University, equine programs at public institutions of higher
9 education, and equine drug testing.

10 The bill further provides that a portion of the amounts dedicated
11 for purses to the Standardbred Breeders' and Owners' Association
12 of New Jersey or to a standardbred permit holder, and to the New
13 Jersey Thoroughbred Horsemen's Association or to a thoroughbred
14 permit holder, may be expended for other purposes that benefit the
15 racing and breeding industries in this State, pursuant to an
16 agreement between the respective permit holder and association,
17 and subject to reporting in the annual financial reports required to
18 be submitted to the commission. The distributions established in the
19 bill would not be construed as to abrogate any contractual
20 agreement among permit holders in this State providing for
21 previously-recorded live racing revenue sharing.

22 Under the bill, the New Jersey Racing Commission would
23 promulgate rules and regulations necessary to implement the bill's
24 provisions.