

SENATE, No. 2257

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



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

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
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
11 amounts include a play-through requirement or other restriction,
12 actually wagered by patrons, that are reported by that licensee in its
13 annual tax return.

14 b. (1) A casino or racetrack that holds a sports wagering
15 license shall be allowed the deduction, pursuant to subsection a. of
16 this section, from gross revenues from Internet sports wagering for
17 a tax 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
26 a tax year for the total value of promotional gaming credits actually
27 wagered by patrons at all licensed casinos and racetracks for that
28 tax year in excess of \$8,000,000. For the first tax year in which this
29 act 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
31 that 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
41 to the Casino Revenue Fund, or the General Fund as appropriate.

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

46
47 2. This act shall take effect immediately.

STATEMENT

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.