

SENATE, No. 2670

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JULY 6, 2020

Sponsored by:

Senator JAMES BEACH

District 6 (Burlington and Camden)

Co-Sponsored by:

Senator Brown

SYNOPSIS

Revises permit and license processes for sports pools operators and online sports pool operators; revises definitions of certain sports events; allows for transactional waiver for sports wagering lounge.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/22/2021)

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2

1 AN ACT concerning sports pool operators and wagering on sports,
2 and amending P.L.1977, c.110 and P.L.2018, c.33.

3

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

6

7 1. Section 92 of P.L.1977, c.110 (C.5:12-92) is amended to read
8 as follows:

9 92. Licensing of casino service industry
10 enterprises. a. (1) Any business to be conducted with a casino
11 applicant, racetrack, or licensee by a vendor offering goods or
12 services which directly relate to casino, racetrack, sports wagering,
13 or gaming activity, or Internet gaming activity, including gaming
14 equipment and simulcast wagering equipment manufacturers,
15 suppliers, repairers, and independent testing laboratories, and
16 companies that supply sports wagering equipment or services, shall
17 require licensure as a casino service industry enterprise in accordance
18 with the provisions of this act prior to conducting any business
19 whatsoever with a casino applicant, racetrack, or licensee, its
20 employees or agents; provided, however, that upon a showing of
21 good cause by a casino applicant, racetrack, or licensee, the director
22 may permit an applicant for a casino service industry enterprise
23 license to conduct business transactions with such casino applicant,
24 racetrack, or licensee prior to the licensure of that casino service
25 industry enterprise applicant under this subsection for such periods
26 as the division may establish by regulation. Companies providing
27 services to casino licensees regarding Internet gaming shall,
28 notwithstanding any other provision of P.L.1977, c.110 (C.5:12-1 et
29 seq.), be responsible for the full cost of their licensure, including any
30 investigative costs.

31 In the case of conducting an online sports pool, as that term is
32 defined in section 1 of P.L.2018, c.33 (C.5:12A-10), a vendor that
33 holds an existing casino service industry enterprise license shall,
34 upon the approval of the division, expand on any initial license
35 granted by the division prior to offering goods or services directly
36 related to sports wagering or online sports wagering activities or
37 operations. The approval shall be in accordance with the terms and
38 conditions set forth by the division.

39 (2) In addition to the requirements of paragraph (1) of this
40 subsection, any casino service industry enterprise intending to
41 manufacture, sell, distribute, test or repair slot machines within New
42 Jersey, other than antique slot machines as defined in N.J.S.2C:37-7,
43 shall be licensed in accordance with the provisions of this act prior
44 to engaging in any such activities; provided, however, that upon a
45 showing of good cause by a casino applicant or licensee, the director

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

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1 may permit an applicant for a casino service industry enterprise
2 license to conduct business transactions with the casino applicant or
3 licensee prior to the licensure of that casino service industry
4 enterprise applicant under this subsection for such periods as the
5 division may establish by regulation; and provided further, however,
6 that upon a showing of good cause by an applicant required to be
7 licensed as a casino service industry enterprise pursuant to this
8 paragraph, the director may permit the casino service industry
9 enterprise applicant to initiate the manufacture of slot machines or
10 engage in the sale, distribution, testing or repair of slot machines with
11 any person other than a casino applicant or licensee, its employees or
12 agents, prior to the licensure of that casino service industry enterprise
13 applicant under this subsection.

14 (3) Vendors providing goods and services to casino licensees or
15 applicants ancillary to gaming, including, without limitation, junket
16 enterprises and junket representatives, and any person employed by
17 a junket enterprise or junket representative in a managerial or
18 supervisory position, non-casino applicants or licensees required to
19 hold a casino hotel alcoholic beverage license pursuant to section 103
20 of P.L.1977, c.110 (C.5:12-103), lessors of casino property not
21 required to hold a casino license pursuant to section 82 of
22 P.L.1977, c.110 (C.5:12-82), and licensors of authorized games shall
23 be required to be licensed as an ancillary casino service industry
24 enterprise and shall comply with the standards set forth in paragraph
25 (4) of subsection c. of this section.

26 b. Each casino service industry enterprise required to be licensed
27 pursuant to paragraph (1) of subsection a. of this section, as well as
28 its owners; management and supervisory personnel; and employees
29 if such employees have responsibility for services to a casino
30 applicant or licensee, must qualify under the standards, except
31 residency, established for qualification of a casino key employee
32 under this act, P.L.1977, c.110 (C.5:12-1 et seq.).

33 c. (1) Any vendor that offers goods or services to a casino
34 applicant or licensee that is not included in subsection a. of this
35 section including, but not limited to casino site contractors and
36 subcontractors, shopkeepers located within the approved hotels,
37 gaming schools that possess slot machines for the purpose of
38 instruction, and any non-supervisory employee of a junket enterprise
39 licensed under paragraph (3) of subsection a. of this section, shall be
40 required to register with the division in accordance with the
41 regulations promulgated under this act, P.L.1977, c.110 (C.5:12-1 et
42 seq.).

43 (2) Notwithstanding the provisions of paragraph (1) of this
44 subsection, the director may, consistent with the public interest and
45 the policies of this act, direct that individual vendors registered
46 pursuant to paragraph (1) of this subsection be required to apply for
47 either a casino service industry enterprise license pursuant to

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1 paragraph (1) of subsection a. of this section, or an ancillary casino
2 service industry enterprise license pursuant to paragraph (3) of
3 subsection a. of this section, as directed by the division, including,
4 without limitation, in-State and out-of-State sending tracks as
5 defined in section 2 of the "Casino Simulcasting Act," P.L.1992, c.19
6 (C.5:12-192); shopkeepers located within the approved hotels; and
7 gaming schools that possess slot machines for the purpose of
8 instruction. The director may also order that any enterprise licensed
9 as or required to be licensed as an ancillary casino service industry
10 enterprise pursuant to paragraph (3) of subsection a. of this section
11 be required to apply for a casino service industry enterprise license
12 pursuant to paragraph (1) of subsection a. of this section. The
13 director may also, in his discretion, order that an independent
14 software contractor not otherwise required to be registered be either
15 registered as a vendor pursuant to subsection c. of this section or be
16 licensed pursuant to either paragraph (1) or (3) of subsection a. of
17 this section.

18 (3) (Deleted by amendment, P.L.2011, c.19)

19 (4) Each ancillary casino service industry enterprise required to
20 be licensed pursuant to paragraph (3) of subsection a. of this section,
21 as well as its owners, management and supervisory personnel, and
22 employees if such employees have responsibility for services to a
23 casino applicant or licensee, shall establish their good character,
24 honesty and integrity by clear and convincing evidence and shall
25 provide such financial information as may be required by the
26 division. Any enterprise required to be licensed as an ancillary
27 casino service industry enterprise pursuant to this section shall be
28 permitted to transact business with a casino licensee upon filing of
29 the appropriate vendor registration form and application for such
30 licensure.

31 d. Any applicant, licensee or qualifier of a casino service
32 industry enterprise license or of an ancillary casino service industry
33 enterprise license under subsection a. of this section, and any vendor
34 registrant under subsection c. of this section shall be disqualified in
35 accordance with the criteria contained in section 86 of **[this act]**
36 P.L.1977, c.110 (C.5:12-86), except that no such ancillary casino
37 service industry enterprise license under paragraph (3) of subsection
38 a. of this section or vendor registration under subsection c. of this
39 section shall be denied or revoked if such vendor registrant can
40 affirmatively demonstrate rehabilitation as provided in subsection d.
41 of section 91 of P.L.1977, c.110 (C.5:12-91).

42 e. No casino service industry enterprise license or ancillary
43 casino service industry enterprise license shall be issued pursuant to
44 subsection a. of this section to any person unless that person shall
45 provide proof of valid business registration with the Division of
46 Revenue in the Department of the Treasury.

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1 f. (Deleted by amendment, P.L.2011, c.19)

2 g. For the purposes of this section, each applicant shall submit
3 to the division the name, address, fingerprints and a written consent
4 for a criminal history record background check to be performed, for
5 each person required to qualify as part of the application. The
6 division is hereby authorized to exchange fingerprint data with and
7 receive criminal history record information from the State Bureau of
8 Identification in the Division of State Police and the Federal Bureau
9 of Investigation consistent with applicable State and federal laws,
10 rules and regulations. The applicant shall bear the cost for the
11 criminal history record background check, including all costs of
12 administering and processing the check. The Division of State Police
13 shall promptly notify the division in the event a current or prospective
14 qualifier, who was the subject of a criminal history record
15 background check pursuant to this section, is arrested for a crime or
16 offense in this State after the date the background check was
17 performed.

18 h. (1) Subsequent to the licensure of any entity pursuant to
19 subsection a. of this section, including any finding of qualification as
20 may be required as a condition of licensure, or the registration of any
21 vendor pursuant to subsection c. of this section, the director may
22 revoke, suspend, limit, or otherwise restrict the license, registration
23 or qualification status upon a finding that the licensee, registrant or
24 qualifier is disqualified on the basis of the criteria set forth in section
25 86 of P.L.1977, c.110 (C.5:12-86).

26 (2) A hearing prior to the suspension of any license, registration
27 or qualification issued pursuant to this section shall be a limited
28 proceeding at which the division shall have the affirmative obligation
29 to demonstrate that there is a reasonable possibility that the licensee,
30 registrant or qualifier is disqualified on the basis of the criteria set
31 forth in section 86 of P.L.1977, c.110 (C.5:12-86).

32 (cf: P.L.2013, c.27, s.12)

33

34 2. Section 1 of P.L.2018, c.33 (C.5:12A-10) is amended to read
35 as follows:

36 1. As used in this act:

37 **["casino"]** “Casino” means a licensed casino or gambling house
38 located in Atlantic City at which casino gambling is conducted
39 pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.)**[:]** .

40 **["commission"]** “Commission” means the Casino Control
41 Commission established pursuant to section 50 of P.L.1977, c.110
42 (C.5:12-50)**[:]** .

43 **["collegiate sport or athletic event"]** “Collegiate sport or athletic
44 event” means a sport or athletic event offered or sponsored by or
45 played in connection with a public or private institution that offers
46 educational services beyond the secondary level**[:]**

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1 **["division"]** “Division” means the Division of Gaming
2 Enforcement established pursuant to section 55 of P.L.1977, c.110
3 (C.5:12-55)**【;】** .

4 **["former racetrack"]** “Former racetrack” means any former
5 racetrack where a horse race meeting was conducted within 15 years
6 prior to the effective date of P.L.2014, c.62 (C.5:12A-7 et seq.),
7 excluding premises other than the land contained within the
8 racecourse oval**【;】** .

9 **["Internet sports pool operator"]** “Internet sports pool operator”
10 means an entity that is licensed as a casino service industry enterprise
11 pursuant to section 92 of P.L.1977, c.110 (C.5:12-92) [and that holds
12 a permit issued by the division to operate an online sports pool**【;】** .

13 **["online sports pool"]** “Online sports pool” means a sports
14 wagering operation in which wagers on sports events are made
15 through computers or mobile or interactive devices and accepted at a
16 sports wagering lounge through an online gaming system which is
17 operating pursuant to a sports wagering **【permit】** license issued by
18 the division or racing commission pursuant to P.L.2018, c.33
19 (C.5:12A-10 et al.)**【;】** .

20 **["operator"]** “Operator” means a casino or a racetrack which has
21 elected to operate a sports pool, either independently or jointly, and
22 any entity with whom a casino or racetrack licensed to operate a
23 sports pool contracts to operate a sports pool or online sports pool,
24 including an Internet sports pool operator, on its behalf**【;】** .

25 **["professional sport or athletic event"]** “Professional sport or
26 athletic event” means an event at which two or more persons
27 participate in sports or athletic events and receive compensation in
28 excess of actual expenses for their participation in such event**【;】** .

29 **["prohibited sports event"]** “Prohibited sports event” means any
30 collegiate sport or athletic event that takes place in New Jersey or a
31 sport or athletic event in which any New Jersey college team
32 participates regardless of where the event takes place. A "prohibited
33 sports event" does not include the other games of a collegiate sport
34 or athletic tournament in which a New Jersey college team
35 participates, nor does it include any games of a collegiate tournament
36 that occurs outside New Jersey even though some of the individual
37 games or events are held in New Jersey. A **【prohibited sports event】**
38 “prohibited sports event” includes all high school sports events
39 **【, electronic】**. A “prohibited sports event” includes electronic
40 sports**【,】** and competitive video games **【but】** that are sponsored by
41 or affiliated with a high school or electronic sports and competitive
42 video games and tournaments in which a majority of the competitors
43 are under 18 years of age. A “prohibited sports event” does not
44 include **【international】** sports, electronic sports, or competitive video
45 game events in which persons under age 18 make up a minority of
46 the participants**【;】**

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1 **["racetrack"]** “Racetrack” means the physical facility and the land,
2 as of the effective date of P.L.2018, c.33 (C.5:12A-10 et al.), where
3 a permit holder conducts a horse race meeting with wagering under a
4 license issued by the racing commission pursuant to P.L.1940, c.17
5 (C.5:5-22 et seq.), and includes any former racetrack**【;】** .

6 **["racing commission"]** “Racing Commission” means the New
7 Jersey Racing Commission established by section 1 of P.L.1940, c.17
8 (C.5:5-22)**【;】** .

9 **["sports event"]** “Sports event” means any professional sport or
10 athletic event, any Olympic or international sports competition event
11 and any collegiate sport or athletic event, or any portion thereof,
12 including, but not limited to, the individual performance statistics of
13 athletes in a sports event or combination of sports events, except
14 "sports event" shall not include a prohibited sports event or a fantasy
15 sports activity, as defined in section 2 of P.L.2017, c.231 (C.5:20-
16 2)**【;】** . A “sports event” shall include any live competition or talent
17 contest, including awards competitions and competitive eating
18 contests.

19 **["sports pool"]** “Sports pool” means the business of accepting
20 wagers on any sports event by any system or method of wagering,
21 including but not limited to single-game bets, teaser bets, parlays,
22 over-under, moneyline, pools, exchange wagering, in-game
23 wagering, in-play bets, proposition bets, and straight bets**【; and】** .

24 **["sports wagering lounge"]** “Sports wagering lounge” means an
25 area wherein a licensed sports pool is operated located in a casino
26 hotel or racetrack.

27 (cf: P.L.2018, c.33, s.1)

28

29 3. Section 2 of P.L.2018, c.33 (C.5:12A-11) is amended to read
30 as follows:

31 2. a. The division shall issue all sports wagering licenses and
32 renewals thereof to casinos. The racing commission shall issue all
33 initial sports wagering licenses to racetracks but the division shall
34 have responsibility for the renewal thereof. In addition to casino
35 games permitted pursuant to the provisions of P.L.1977, c.110
36 (C.5:12-1 et seq.), a casino which holds a sports wagering license
37 issued by the division may operate a sports pool in accordance with
38 the provisions of this act and applicable regulations promulgated
39 pursuant to this act. A racetrack which holds an initial sports
40 wagering license issued by the racing commission or a sports
41 wagering license that has been renewed by the division may operate
42 a sports pool in accordance with the provisions of this act and
43 applicable regulations promulgated pursuant to this act.

44 The division may issue a transactional waiver to allow the
45 continued operation of an established sports wagering lounge and
46 authorization to conduct up to three online sports wagering
47 operations when a racetrack that holds a license issued by the racing

1 commission pursuant to P.L.1940, c.17 (C.5:5-22, et seq.) undergoes
2 a material change in ownership to a degree such that it would be
3 required to file a new application with the racing commission in order
4 to continue to operate pursuant to P.L.1940, c.17 (C.5:5-22 et seq.).
5 A transactional waiver issued pursuant to this section shall be for an
6 initial period of up to six months and may be renewed during the
7 pendency of the racing commission's consideration of a new
8 application for up to three one-year periods, but the division shall
9 have the right to reexamine and rescind the grant of the waiver at any
10 time.

11 A casino which holds a sports wagering license and a racetrack
12 which holds a sports wagering license may enter into an agreement
13 to jointly operate a sports pool at the racetrack, in accordance with
14 the provisions of this act and applicable regulations promulgated
15 pursuant to this act. A casino or racetrack that holds a sports
16 wagering license may conduct an online sports pool or may authorize
17 an internet sports pool operator licensed as a casino service industry
18 enterprise pursuant to section 92 of P.L.1977, c.110 (C.5:12-92), or
19 an applicant for such license, to operate an online sports pool on its
20 behalf provided the terms of the agreement are approved by the
21 division[, in the case of a casino, or the racing commission, in the
22 case of a racetrack]; provided, however, that each sports wagering
23 licensee may provide no more than three individually branded
24 websites, each of which may have an accompanying mobile
25 application bearing the same brand as the website for an online sports
26 pool, those websites and mobile applications, in the case of a casino
27 being in addition to or, in the discretion of the casino, in conjunction
28 with, any websites and mobile applications that also offer other types
29 of Internet gaming pursuant to P.L.2013, c.27 (C.5:12-95.17 et seq.).
30 No online sports pool shall be opened to the public, and no sports
31 wagering, except for test purposes, may be conducted therein, until
32 an Internet sports pool operator receives approval from the division
33 [a permit] to conduct an online sports pool on behalf of a casino or
34 racetrack that holds a sports wagering license. Sports wagering
35 licensees and operators may provide promotional credits, incentives,
36 bonuses, complimentaries, or similar benefits designed to induce
37 sports betters to wager. The division, in consultation with the
38 commission, shall establish by rule standards governing the provision
39 of these measures. The server or other equipment used by a racetrack
40 to accept wagers at a sports pool or online sports pool shall be located
41 in that racetrack or in any location in Atlantic City which conforms
42 to the requirements of section 20 of P.L.2013, c.27 (C.5:12-95.22)
43 and any additional requirements which the division may impose by
44 regulation. The server or other equipment used by a casino to accept
45 wagers at a sports pool or online sports pool shall conform to the
46 requirements of section 20 of P.L.2013, c.27 (C.5:12-95.22) and any
47 additional requirements which the division may impose by
48 regulation.

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1 With regard to this act, P.L.2018, c.33 (C.5:12A-10 et al.), the
2 duties specified in section 63 of P.L.1977, c.110 (C.5:12-63) of the
3 Casino Control Commission shall apply to the extent not inconsistent
4 with the provisions of this act. In addition to the duties specified in
5 section 76 of P.L.1977, c.110 (C.5:12-76), the division or racing
6 commission, as required pursuant to this act, shall hear and decide
7 promptly and in reasonable order all applications for a license to
8 operate a sports pool. In addition to the duties specified in section
9 76 of P.L.1977, c.110 (C.5:12-76), the division shall have the general
10 responsibility for the implementation of this act, except with respect
11 to the authority to issue sports wagering licenses to a racetrack as
12 provided by this act, and shall have all other duties specified in that
13 section with regard to the operation of a sports pool.

14 The license to operate a sports pool shall be in addition to any
15 other license required to be issued pursuant to P.L.1977, c.110
16 (C.5:12-1 et seq.) to operate a casino or pursuant to P.L.1940, c. 17
17 (C.5:5-22 et seq.) to conduct horse racing. The division and the
18 racing commission shall each have the authority to charge a casino
19 or a racetrack a fee for the issuance or, in the case of the division
20 renewal, of a sports wagering license in an amount of \$100,000 for
21 initial issuance and in the case of a renewal a reasonable fee that is
22 based upon the expense associated with renewal, enforcement, and
23 gambling addiction programs. No sports wagering license shall be
24 issued by the division or racing commission to any entity unless it
25 has established its financial stability, integrity and responsibility and
26 its good character, honesty and integrity. No casino or racetrack shall
27 be permitted to operate a sports pool or accept wagers via an online
28 sports pool unless a sports wagering lounge is established and has
29 commenced operation in its facility; provided, however, that an
30 applicant for a sports wagering license may petition the agency
31 issuing the sports wagering license pursuant to this act to commence
32 operation of the sports pool at a temporary facility and/or an online
33 sports pool during the pendency of construction of a sports wagering
34 lounge in its facility. Such temporary facility may include, at the
35 discretion of the agency issuing the sports wagering license pursuant
36 to this act, the utilization of designated windows at the current casino
37 cage or racetrack betting window for purposes of placing sports
38 betting wagers and self-service wagering machines located at the
39 racetrack or casino hotel complex. No license to operate a sports
40 pool shall be issued to any entity which is disqualified under the
41 criteria of section 86 of P.L.1977, c.110 (C.5:12-86).

42 No later than five years after the date of the issuance of a license
43 and every five years thereafter or within such lesser periods as the
44 agency issuing the sports wagering license pursuant to this act may
45 direct, a licensee shall submit to the said agency such documentation
46 or information as the division or racing commission may by
47 regulation require, to demonstrate to the satisfaction of the agency

1 that the licensee continues to meet the requirements of the law and
2 regulations.

3 The division and the racing commission following consultation
4 with the sports wagering licensees shall annually cause a report to be
5 prepared and distributed to the Governor on the impact of sports
6 wagering, including Internet wagering on sports events, on problem
7 gamblers and gambling addiction in New Jersey. The report shall be
8 prepared by a private organization or entity with expertise in serving
9 the needs of persons with gambling addictions, which organization
10 or entity shall be selected jointly by the division and the racing
11 commission. The report shall be prepared and distributed under the
12 supervision of, and in coordination with, the division and the racing
13 commission. Any costs associated with the preparation and
14 distribution of the report shall be borne by casino and racetrack
15 licensees who have been authorized by the division or the racing
16 commission to conduct Internet gaming and the division and the
17 racing commission shall be authorized to assess a fee against such
18 licensees for these purposes. The division and the racing commission
19 may also report periodically to the Governor on the effectiveness of
20 the statutory and regulatory controls in place to ensure the integrity
21 of gaming operations through the Internet.

22 b. A sports pool shall be operated in a sports wagering lounge
23 located at a casino or racetrack. A sports wagering lounge may be
24 located at a casino simulcasting facility. The lounge shall conform
25 to all requirements concerning square footage, design, equipment,
26 security measures and related matters which the division shall by
27 regulation prescribe. The space required for the establishment of a
28 lounge shall not reduce the space authorized for casino gaming
29 activities as specified in section 83 of P.L.1977, c.110 (C.5:12-83).

30 c. No sports pool or online sports pool shall be offered or made
31 available for wagering to the public by any entity other than a sports
32 wagering licensee, pursuant to P.L.2018, c.33 (C.5:12A-10 et al.), an
33 applicant for such license, operating such pool on behalf of a
34 licensee, or an Internet sports pool operator, on behalf of a sports
35 wagering licensee. Any person who offers a sports pool or an online
36 sports pool without approval of the division or racing commission to
37 do so is guilty of a crime of the fourth degree and notwithstanding
38 the provisions of N.J.S.2C:43-3, shall be subject to a fine of not more
39 than \$25,000 and in the case of a person other than a natural person,
40 to a fine of not more than \$100,000 and any other appropriate
41 disposition authorized by subsection b. of N.J.S.2C:43-2.

42 d. The operator shall establish or display the odds at which
43 wagers may be placed on sports events.

44 e. An operator shall accept wagers on sports events only from
45 persons physically present in the sports wagering lounge; through
46 self-service wagering machines located in its facility as authorized
47 by the agency issuing the sports wagering license; or through an

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1 online sports pool. A person placing a wager on a sports event shall
2 be at least 21 years of age.

3 f. (1) Any person who is:

4 an athlete, coach, referee, or director of a sports governing body
5 or any of its member teams;

6 a sports governing body or any of its member teams;

7 a player or a referee personnel member, in or on any sports event
8 overseen by that person's sports governing body based on publicly
9 available information;

10 a person who holds a position of authority or influence sufficient
11 to exert influence over the participants in a sporting contest,
12 including but not limited to coaches, managers, handlers, athletic
13 trainers, or horse trainers;

14 a person with access to certain types of exclusive information on
15 any sports event overseen by that person's sports governing body
16 based on publicly available information; or

17 a person identified by any lists provided by the sports governing
18 body to the division and the racing commission,

19 shall not be permitted to have any ownership interest in, control
20 of, or otherwise be employed by an operator, a sports wagering
21 licensee, or a facility in which a sports wagering lounge is located or
22 place a wager on a sports event that is overseen by that person's sports
23 governing body based on publicly available information.

24 Any employee of a sports governing body or its member teams
25 who is not prohibited from wagering on a sports event shall,
26 nevertheless, provide notice to the division prior to placing a wager
27 on a sports event. The direct or indirect legal or beneficial owner of
28 10 percent or more of a sports governing body shall not place or
29 accept any wager on a sports event in which any member team of that
30 sports governing body participates. The direct or indirect legal or
31 beneficial owner of 10 percent or more of a member team of a sports
32 governing body shall not place or accept any wager on a sports event
33 in which that member team participates. Any person who violates
34 this paragraph shall be guilty of a disorderly persons offense and shall
35 be fined not less than \$500 and not more than \$1,000.

36 (2) The prohibition set forth in paragraph (1) of this subsection
37 shall not apply to any person who is a direct or indirect owner of a
38 specific sports governing body member team and (i) has less than 10
39 percent direct or indirect ownership interest in a casino or racetrack
40 or (ii) the shares of such person are registered pursuant to section 12
41 of the Securities Exchange Act of 1934, as amended (15 U.S.C.
42 s.781), and the value of the ownership of such team represents less
43 than one percent of the person's total enterprise value.

44 (3) An operator shall adopt procedures to prevent persons from
45 wagering on sports events who are prohibited from placing sports
46 wagers. An operator shall not accept wagers from any person whose
47 identity is known to the operator and:

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1 whose name appears on the exclusion list maintained by the
2 division pursuant to section 71 of P.L.1977, c.110 (C.5:12-71);

3 whose name appears on any self-exclusion list maintained by the
4 division pursuant to sections 1 and 2 of P.L.2001, c.39 (C.5:12-71.2
5 and C.5:12-71.3, respectively);

6 who is the operator, director, officer, owner, or employee of the
7 operator or any relative thereof living in the same household as the
8 operator;

9 who has access to nonpublic confidential information held by the
10 operator; or

11 who is an agent or proxy for any other person.

12 (4) An operator shall adopt procedures to obtain personally
13 identifiable information from any individual who places any single
14 wager in an amount of \$10,000 or greater on a sports event while
15 physically present in a racetrack facility or a casino.

16 Sections 1 and 2 of P.L.2002, c.89 (C.5:5-65.1 and C.5:5-65.2,
17 respectively) shall apply to the conduct of sports wagering under this
18 act.

19 g. The holder of a sports wagering license may contract with an
20 entity to conduct that operation, in accordance with the regulations
21 of and approval by the division. That entity shall obtain a license as
22 a casino service industry enterprise prior to the execution of any such
23 contract, and such license shall be issued pursuant to the provisions
24 of P.L.1977, c.110 (C.5:12-1 et seq.) and in accordance with the
25 regulations promulgated by the division in consultation with the
26 commission. That entity shall, upon approval of the division, expand
27 on any initial license granted by the division prior to entering into
28 any such contract. The approval shall be in accordance with the terms
29 and conditions set forth by the division.

30 h. If any provision of this act, P.L.2018, c.33 (C.5:12A-10 et al.),
31 or its application to any person or circumstance, is held invalid, the
32 invalidity shall not affect other provisions or applications of this act
33 which can be given effect without the invalid provision or
34 application, and to this end the provisions of this act are severable.

35 i. An operator shall promptly report to the division:

36 any criminal or disciplinary proceedings commenced against the
37 operator or its employees in connection with the operations of the
38 sports pool or online sports pool;

39 any abnormal betting activity or patterns that may indicate a
40 concern about the integrity of a sports event or events;

41 any other conduct with the potential to corrupt a betting outcome
42 of a sports event for purposes of financial gain, including but not
43 limited to match fixing; and

44 suspicious or illegal wagering activities, including the use of funds
45 derived from illegal activity, wagers to conceal or launder funds
46 derived from illegal activity, use of agents to place wagers, or use of
47 false identification.

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1 The division is authorized to share any information under this
2 section with any law enforcement entity, team, sports governing
3 body, or regulatory agency the division deems appropriate.

4 j. An operator shall maintain records of sports wagering
5 operations in accordance with regulations promulgated by the
6 division.

7 k. A sports wagering licensee may, in addition to having a sports
8 wagering lounge, conduct wagering on authorized sports events
9 through one or more kiosks or self-service wagering stations located
10 within its facility. Such self-service wagering stations located at a
11 casino may offer any game authorized under rules established by the
12 division. Such self-service wagering stations located at a racetrack
13 may offer wagering only on authorized sports events and horse races.

14 l. All wagers on sports events authorized under this provision
15 shall be initiated, received and otherwise made within this State
16 unless otherwise determined by the division in accordance with
17 applicable federal and [state] State laws. Consistent with the intent
18 of the United States Congress as articulated in the Unlawful Internet
19 Gambling Enforcement Act of 2006 (31 U.S.C. s.5361 et seq.), the
20 intermediate routing of electronic data relating to a lawful intrastate
21 wager authorized under this provision shall not determine the
22 location or locations in which such wager is initiated, received or
23 otherwise made.

24 m. A sports wagering licensee shall not accept any wager on any
25 sports event unless the sports event has been approved for wagering
26 by the director. Except as otherwise provided in this subsection, no
27 sports event shall be approved for wagering unless the director has
28 certified that the sports event has appropriate policies and procedures
29 to monitor the integrity of the athletes or competitors. In the absence
30 of such certification, the director shall impose a wager limit of not
31 more than \$100 or a win limit of \$500, whichever is greater, on the
32 amount permitted to be wagered or won on such competitions or
33 contests by any individual.

34 (cf: P.L.2019, c.266, s.1)

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36 4. This act shall take effect immediately.

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STATEMENT

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41 This bill revises the definitions of certain sports events, revises the
42 license processes for sports pools operators and online sports pool
43 operators, allows for a transactional waiver for a sports wagering
44 lounge.

45 This bill requires companies that supply sports wagering
46 equipment or services to casinos, racetracks, or online sports
47 wagering operators to obtain a license as a casino service industry
48 enterprise prior to conducting any business. The bill establishes a

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1 process for vendors to expand on the initial casino service industry
2 enterprise license to supply sports wagering equipment and services.

3 Under existing law, the term “sports event” includes a wide
4 variety of events. This bill expands the list of sporting events to
5 include any skill-based attraction, including awards competitions and
6 competitive eating contests. The director of the Division of Gaming
7 Enforcement is required to certify that any sporting event approved
8 for wagering has the appropriate policies and procedures in place to
9 monitor the integrity of the sporting event. In the absence of such
10 policies and procedures, the director will impose a wager limit not
11 more than \$100 or a win limit of \$500, whichever is greater.

12 Under existing law, certain events, such as high school sporting
13 events, are considered “prohibited sports events” and cannot be
14 wagered on. This bill expands on “prohibited sports events” to
15 include electronic sports competitions sponsored by or affiliated with
16 high schools or competitions in which the majority of competitors are
17 under the age of 18. The bill also clarifies the age limit regarding
18 certain sports events to accommodate the growing trend of younger
19 competitors in the video gaming community.

20 In response to the growing online sports wagering industry, this
21 bill allows for a transactional waiver period of six months for
22 racetracks with a sports wagering lounge to continue accepting bets.
23 This allows the racetracks to continue normal operations while
24 adding online sports wagering operations and obtaining the
25 additional licenses from the racing commission and the Division of
26 Gaming Enforcement. The bill allows for a renewal of the
27 transactional waiver up to three one-year periods following the initial
28 waiver, at the discretion of the division.