SENATE, No. 4271

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED DECEMBER 13, 2021

Sponsored by:
Senator TROY SINGLETON
District 7 (Burlington)

SYNOPSIS

Provides that 1.25 percent tax on sports wagering revenues be used for local tax relief purposes for Atlantic City.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning tax on sports wagering revenues and amending P.L.2018, c.33.

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

1. Section 7 of P.L.2018, c.33 (C.5:12A-16) is amended to read as follows:

7. The sums received by the casino from sports wagering or from a joint sports wagering operation, less only the total of all sums actually paid out as winnings to patrons, shall not be taxed as gross revenue as specified under section 24 of P.L.1977, c.110 (C.5:12-24) but shall be subject to an 8.5 percent tax, except that sums received from Internet wagering on sports events, less only the total of all sums actually paid out as winnings to patrons, shall be subject to a 13 percent tax, which shall be paid to the Casino Revenue Fund, and to an additional tax of 1.25 percent which shall be remitted by the State Treasurer to the **[**Casino Reinvestment Development Authority for marketing and promotion of the**]** City of Atlantic City <u>for the purpose of reducing the amount the municipality is required to raise by local property tax levy for municipal purposes</u>, provided, however, that the cash equivalent value of any merchandise or thing of value included in a jackpot or payout shall not be included in the total of all sums paid out as winnings to patrons for purposes of determining revenue under this paragraph.

The net revenues actually received by the horse racing permit holder from any sports wagering operation at the Meadowlands Racetrack, including Internet wagering on sports events, either jointly established with a casino or established independently or with non-casino partners, less the total of all sums actually paid out for any operating expenses and as winnings to patrons, shall be paid by the Meadowlands Racetrack to the Standardbred Breeders and Owners' Association of New Jersey and the New Jersey Thoroughbred Horsemen's Association pursuant to the terms of a written agreement between the Meadowlands Racetrack and each association. A written agreement shall be in effect for as long as a sports wagering operation is conducted at the Meadowlands Racetrack.

The net revenues actually received by the horse racing permit holder from any sports wagering operation at the Monmouth Park Racetrack, including Internet wagering on sports events, either jointly established with a casino or established independently or with non-casino partners, less the total of all sums actually paid out for any operating expenses and as winnings to patrons, shall be paid

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 <u>thus</u> is new matter.

by Monmouth Park Racetrack to the New Jersey Thoroughbred Horsemen's Association pursuant to the terms of a written agreement between Monmouth Park Racetrack and that association. A written agreement shall be in effect for as long as a sports wagering operation is conducted at Monmouth Park Racetrack.

The net revenues actually received by the horse racing permit holder from any sports wagering operation at the Freehold Raceway, including Internet wagering on sports events, either jointly established with a casino or established independently or with non-casino partners, less the total of all sums actually paid out for any operating expenses and as winnings to patrons, shall be paid by Freehold Raceway to the Standardbred Breeders and Owners' Association of New Jersey pursuant to the terms of a written agreement between Freehold Raceway and that association. A written agreement shall be in effect for as long as a sports wagering operation is conducted at Freehold Raceway.

The sums actually received by the horse racing permit holder from any sports wagering operation, either jointly established with a casino or established independently or with non-casino partners, less only the total of all sums actually paid out as winnings to patrons, shall be subject to an 8.5 percent tax, except that sums received from Internet wagering on sports events, less only the total of all sums actually paid out as winnings to patrons, shall be subject to a 13 percent tax, to be collected by the division and paid to the State General Fund and to an additional tax of 1.25 percent on amounts actually received from a sports wagering operation, less only the total of all sums actually paid out as winnings to patrons, to be paid, except as provided below with respect to amounts generated by the Meadowlands racetrack, to the Department of the Treasury for distribution, upon application by a municipality or county, to the municipality in which the majority of the racetrack is located and to the county in which the racetrack is located or to an economic development authority of that municipality and county with those amounts used for economic development purposes, which shall include, but not be limited to, improvements to: transportation and infrastructure, tourism, public safety, and properties located on or near the racetrack, provided, however, that the cash equivalent value of any merchandise or thing of value included in a jackpot or payout shall not be included in the total of all sums paid out as winnings to patrons for purposes of determining revenue under this paragraph. The Department of the Treasury shall establish an account for each eligible municipality and county and shall ensure that the amounts generated from the racetrack shall only be distributed to the municipality in which the majority of the racetrack is located and county in which the racetrack is located with 0.75 percent paid to the municipality and 0.5 percent paid to the county, except that amounts generated from the Meadowlands racetrack shall be paid into the intermunicipal

account, established pursuant to section 53 of P.L.2015, c.19 (C.5:10A-53), and used to pay Meadowlands adjustment payments to municipalities in the Meadowlands district.

A percentage of the fee paid for a license to operate a sports pool shall be deposited into the State General Fund for appropriation by the Legislature to the Department of Health to provide funds for evidence-based prevention, education, and treatment programs for compulsive gambling that meet the criteria developed pursuant to section 2 of P.L.1993, c.229 (C.26:2-169), such as those provided by the Council on Compulsive Gambling of New Jersey, and including the development and implementation of programs that identify and assist problem gamblers. The percentage shall be determined by the division.

(cf: P.L.2019, c.36, s.3)

2. This act shall take effect immediately.

STATEMENT

This bill provides that the 1.25 percent tax on sports wagering revenues be used for local tax relief purposes for the City of Atlantic City.

Under current law, the 1.25 percent tax on sports wagering revenues is remitted by the State Treasurer to the Casino Reinvestment Development Authority (CRDA) for marketing and promotion of the City of Atlantic City. This bill would provide that the sums from the 1.25 percent tax be remitted by the State Treasurer to Atlantic City for local tax relief purposes.