

## CHAPTER 33

### (CORRECTED COPY)

**AN ACT** allowing wagering at casinos and racetracks on the results of certain professional or collegiate sports or athletic events, supplementing Title 5 of the Revised Statutes, amending and repealing various parts of the statutory law.

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

C.5:12A-10 Definitions relative to sports wagering.

1. As used in this act:

"casino" means a licensed casino or gambling house located in Atlantic City at which casino gambling is conducted pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.);

"commission" means the Casino Control Commission established pursuant to section 50 of P.L.1977, c.110 (C.5:12-50);

"collegiate sport or athletic event" means a sport or athletic event offered or sponsored by or played in connection with a public or private institution that offers educational services beyond the secondary level;

"division" means the Division of Gaming Enforcement established pursuant to section 55 of P.L.1977, c.110 (C.5:12-55);

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

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

"online sports pool" means a sports wagering operation in which wagers on sports events are made through computers or mobile or interactive devices and accepted at a sports wagering lounge through an online gaming system which is operating pursuant to a sports wagering permit issued by the division or racing commission pursuant to P.L.2018, c.33 (C.5:12A-10 et al.);

"operator" means a casino or a racetrack which has elected to operate a sports pool, either independently or jointly, and any entity with whom a casino or racetrack licensed to operate a sports pool contracts to operate a sports pool or online sports pool, including an Internet sports pool operator, on its behalf;

"professional sport or athletic event" means an event at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in such event;

"prohibited sports event" means any collegiate sport or athletic event that takes place in New Jersey or a sport or athletic event in which any New Jersey college team participates regardless of where the event takes place. A "prohibited sports event" does not include the other games of a collegiate sport or athletic tournament in which a New Jersey college team participates, nor does it include any games of a collegiate tournament that occurs outside New Jersey even though some of the individual games or events are held in New Jersey. A prohibited sports event includes all high school sports events, electronic sports, and competitive video games but does not include international sports events in which persons under age 18 make up a minority of the participants;

"racetrack" means the physical facility and the land, as of the effective date of P.L.2018, c.33 (C.5:12A-10 et al.), where a permit holder conducts a horse race meeting with wagering under a license issued by the racing commission pursuant to P.L.1940, c.17 (C.5:5-22 et

seq.), and includes any former racetrack;

"racing commission" means the New Jersey Racing Commission established by section 1 of P.L.1940, c.17 (C.5:5-22);

"sports event" means any professional sport or athletic event, any Olympic or international sports competition event and any collegiate sport or athletic event, or any portion thereof, including, but not limited to, the individual performance statistics of athletes in a sports event or combination of sports events, except "sports event" shall not include a prohibited sports event or a fantasy sports activity, as defined in section 2 of P.L.2017, c.231 (C.5:20-2);

"sports pool" means the business of accepting wagers on any sports event by any system or method of wagering, including but not limited to single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, and straight bets; and

"sports wagering lounge" means an area wherein a licensed sports pool is operated located in a casino hotel or racetrack.

#### C.5:12A-11 Issuance, renewal of sports wagering licenses.

2. a. The division shall issue all sports wagering licenses and renewals thereof to casinos. The racing commission shall issue all initial sports wagering licenses to racetracks but the division shall have responsibility for the renewal thereof. In addition to casino games permitted pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.), a casino which holds a sports wagering license issued by the division may operate a sports pool in accordance with the provisions of this act and applicable regulations promulgated pursuant to this act. A racetrack which holds an initial sports wagering license issued by the racing commission or a sports wagering license that has been renewed by the division may operate a sports pool in accordance with the provisions of this act and applicable regulations promulgated pursuant to this act. A casino which holds a sports wagering license and a racetrack which holds a sports wagering license may enter into an agreement to jointly operate a sports pool at the racetrack, in accordance with the provisions of this act and applicable regulations promulgated pursuant to this act. A casino or racetrack that holds a sports wagering license may conduct an online sports pool or may authorize an internet sports pool operator licensed as a casino service industry enterprise pursuant to section 92 of P.L.1977, c.110 (C.5:12-92), or an applicant for such license, to operate an online sports pool on its behalf provided the terms of the agreement are approved by the division, in the case of a casino, or the racing commission, in the case of a racetrack; provided, however, that each sports wagering licensee may provide no more than three individually branded websites, each of which may have an accompanying mobile application bearing the same brand as the website for an online sports pool, those websites and mobile applications, in the case of a casino being in addition to or, in the discretion of the casino, in conjunction with, any websites and mobile applications that also offer other types of Internet gaming pursuant to P.L.2013, c.27 (C.5:12-95.17 et seq.). No online sports pool shall be opened to the public, and no sports wagering, except for test purposes, may be conducted therein, until an Internet sports pool operator receives from the division a permit to conduct an online sports pool. Sports wagering licensees and operators may provide promotional credits, incentives, bonuses, complimentaries, or similar benefits designed to induce sports betters to wager. The division, in consultation with the commission, shall establish by rule standards governing the provision of these measures. The server or other equipment used by a racetrack to accept wagers at a sports pool or online sports pool shall be located in that

racetrack or in any location in Atlantic City which conforms to the requirements of section 20 of P.L.2013, c.27 (C.5:12-95.22) and any additional requirements which the division may impose by regulation. The server or other equipment used by a casino to accept wagers at a sports pool or online sports pool shall conform to the requirements of section 20 of P.L.2013, c.27 (C.5:12-95.22) and any additional requirements which the division may impose by regulation.

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

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

No later than five years after the date of the issuance of a license and every five years thereafter or within such lesser periods as the agency issuing the sports wagering license pursuant to this act may direct, a licensee shall submit to the said agency such documentation or information as the division or racing commission may by regulation require, to demonstrate to the satisfaction of the agency that the licensee continues to meet the requirements of the law and regulations.

The division and the racing commission following consultation with the sports wagering licensees shall annually cause a report to be prepared and distributed to the Governor on the impact of sports wagering, including Internet wagering on sports events, on problem gamblers and gambling addiction in New Jersey. The report shall be prepared by a private organization or entity with expertise in serving the needs of persons with gambling

addictions, which organization or entity shall be selected jointly by the division and the racing commission. The report shall be prepared and distributed under the supervision of, and in coordination with, the division and the racing commission. Any costs associated with the preparation and distribution of the report shall be borne by casino and racetrack licensees who have been authorized by the division or the racing commission to conduct Internet gaming and the division and the racing commission shall be authorized to assess a fee against such licensees for these purposes. The division and the racing commission may also report periodically to the Governor on the effectiveness of the statutory and regulatory controls in place to ensure the integrity of gaming operations through the Internet.

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

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

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

e. An operator shall accept wagers on sports events only from persons physically present in the sports wagering lounge; through self-service wagering machines located in its facility as authorized by the agency issuing the sports wagering license; or through an online sports pool. A person placing a wager on a sports event shall be at least 21 years of age.

f. (1) Any person who is an athlete, coach, referee, or director of a sports governing body or any of its member teams, a sports governing body or any of its member teams, a player or a referee personnel member, in or on any sports event overseen by that person's sports governing body based on publicly available information, a person who holds a position of authority or influence sufficient to exert influence over the participants in a sporting contest, including but not limited to coaches, managers, handlers, athletic trainers, or horse trainers, a person with access to certain types of exclusive information on any sports event overseen by that person's sports governing body based on publicly available information, or a person identified by any lists provided by the sports governing body to the division and the racing commission shall not be permitted to have any ownership interest in, control of, or otherwise be employed by an operator, a sports wagering licensee, or a facility in which a sports wagering lounge is located or place a wager on a sports event that is overseen by that person's sports governing body based on publicly available information. Any employee of a sports governing body or its member teams who is not prohibited from wagering on a sports event shall, nevertheless, provide notice to the division prior to placing a wager on a sports event. The direct or indirect legal or beneficial owner of 10 percent or more of a sports governing body or any of its member teams shall not place or accept any wager on a sports event in which any member team of that sports governing body participates. Any person

who violates this paragraph shall be guilty of a disorderly persons offense and shall be fined not less than \$500 and not more than \$1,000.

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

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

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

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

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

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

who is an agent or proxy for any other person.

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

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

g. The holder of a sports wagering license may contract with an entity to conduct that operation, in accordance with the regulations of the division. That entity shall obtain a license as a casino service industry enterprise prior to the execution of any such contract, and such license shall be issued pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.) and in accordance with the regulations promulgated by the division in consultation with the commission.

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

i. An operator shall promptly report to the division:

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

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

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

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

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

j. An operator shall maintain records of sports wagering operations in accordance with

regulations promulgated by the division.

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

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

**C.5:12A-12 Disclosure of information by corporate applicants.**

3. a. Corporate applicants for and holders of a sports wagering license shall be required to disclose the identity of the following: each board appointed officer of the corporation; each director of the corporation; each person who directly holds any voting or controlling interest of 5 percent or more of the securities issued by such applicant or holder; each person who directly holds any non-voting or passive ownership interest of 25 percent or more of the securities issued by such applicant or holder; and each holding or intermediary company of an applicant for or holder of an operator.

b. As to each holding, intermediary and subsidiary company of an applicant for or holder of a sports wagering license, such applicants and holders shall be required to establish and maintain the qualifications of the following: each board appointed officer of the corporation; each director of the corporation; each person who directly holds any voting or controlling interest of 5 percent or more of the securities issued by such applicant or holder; and each person who directly holds any non-voting or passive ownership interest of 25 percent or more in such holding or intermediary company.

c. The racing commission or the division shall have the authority to waive any or all of the qualification requirements for any person listed in subsection a. or b. of this section.

d. All persons employed directly in wagering-related activities conducted within a casino or a racetrack in a sports wagering lounge and an online sports pool shall be licensed as a casino key employee or registered as a casino employee, as determined by the commission, pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.). All other employees who are working in the sports wagering lounge may be required to be registered, if appropriate, in accordance with regulations of the division promulgated in consultation with the commission.

e. Each operator shall designate one or more casino key employees who shall be responsible for the operation of the sports pool. At least one such casino key employee shall be on the premises whenever sports wagering is conducted.

**C.5:12A-13 Authority of division.**

4. a. Except as otherwise provided by this act, the division shall have the authority to regulate sports pools, online sports pools, and the conduct of sports wagering under this act to the same extent that the division regulates casino games. No casino or racetrack shall be authorized to operate a sports pool or online sports pool unless it has produced, to the

satisfaction of the agency issuing the sports wagering license, information, documentation, and assurances concerning its financial background and resources, including cash reserves, that are sufficient to demonstrate that it has the financial stability, integrity, and responsibility to operate a sports pool or online sports pool. In developing rules and regulations applicable to sports wagering, the division may examine the regulations implemented in other states where sports wagering is conducted and may, as far as practicable, adopt a similar regulatory framework. The division, in consultation with the commission, shall promulgate regulations necessary to carry out the provisions of this act, including, but not limited to, regulations governing the:

- (1) amount of cash reserves to be maintained by operators to cover winning wagers;
- (2) acceptance of wagers on a series of sports events;
- (3) maximum wagers which may be accepted by an operator from any one patron on any one sports event;
- (4) type of wagering tickets which may be used;
- (5) method of issuing tickets;
- (6) method of accounting to be used by operators;
- (7) types of records which shall be kept;
- (8) use of credit and checks by patrons;
- (9) type of system for wagering;
- (10) protections for a person placing a wager; and
- (11) display of the words, "If you or someone you know has a gambling problem and wants help, call 1-800 GAMBLER," or some comparable language approved by the division, which language shall include the words "gambling problem" and "call 1-800 GAMBLER," in all print, billboard, sign, online, or broadcast advertisements of a sports pool and online sports pool and in every sports wagering lounge.

b. Notwithstanding any other provision of P.L.2018, c.33 (C.5:12A-10 et al.) or of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, during the 90-day period following the effective date of this act, the division and the racing commission may, after notice provided in accordance with this subsection, summarily adopt, amend, or repeal any order, rule, or regulation for a period not to exceed 270 days for the purpose of ensuring the expeditious and effective implementation of sports wagering at casinos or racetracks in accordance with this act. Any summary rulemaking authorized by this subsection shall be subject to such terms and conditions as the division and the racing commission may deem appropriate. Such rules shall be effective when published by the division and the racing commission on their respective websites and shall allow for the immediate application of any racetrack licensed by the racing commission, or casino licensed by the division, to the respective agency by which they are licensed or permitted, for a transactional waiver to immediately commence sports wagering. Upon the filing of such application, these rules shall further provide that, upon a showing therein that the applicant is licensed or permitted by the appropriate agency, a sports wagering license shall immediately be issued to the respective applicant allowing for its immediate commencement of sports wagering subject to the condition that it conform to the entity and individual or other licensing, facility and any other requirements set forth in the respective rules of each within 270 days. In the event such rules are not complied with within such time period, the non-complying racetrack or casino will not thereafter be eligible to conduct sports wagering until such compliance is achieved. Notice of any emergency rulemaking action taken by the division or the racing commission pursuant to this subsection shall be published in the New Jersey Register, and provided to the newspapers designated by the division and racing

commission pursuant to subsection d. of section 3 of P.L.1975, c.231 (C.10:4-8), not later than 30 days subsequent to the implementation of the emergency rules. The text of any emergency rule adopted by the division and the racing commission pursuant to this section shall be available in each racetrack, casino, sports wagering lounge, and simulcasting facility implementing the provisions of emergency rulemaking.

c. Any person employed on the effective date of this act, P.L.2018, c.33 (C.5:12A-10 et al.), by a permitholder in the admissions department or parimutuel clerk department of a racetrack operated by the permitholder shall be given a one-time right of first refusal offer of employment at the sports pool, including an online sports pool, that opens at that racetrack, for the then available positions of similar employment in that sports pool, or with any vendor contracting with the licensee to operate the sports pool.

**C.5:12A-14 Adoption of comprehensive house rules.**

5. Each operator shall adopt comprehensive house rules governing sports wagering transactions with its patrons which shall be approved by the division. The rules shall specify the amounts to be paid on winning wagers and the effect of schedule changes. The house rules, together with any other information the division deems appropriate, shall be conspicuously displayed in the sports wagering lounge, posted on the operator's Internet website, and included in the terms and conditions of the account wagering system, and copies shall be made readily available to patrons.

**C.5:12A-15 Distribution of revenues subject to joint agreement.**

6. Whenever a casino licensee and a racetrack permit holder enter into an agreement to jointly establish a sports wagering lounge, and to operate and conduct sports wagering under this act, the agreement shall specify the distribution of revenues from the joint sports wagering operation among the parties to the agreement.

**C.5:12A-16 Taxation of sums received by casino, racetrack.**

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 the investment alternative tax established by section 3 of P.L.1984, c.218 (C.5:12-144.1) which investment alternative tax funds shall be used exclusively for tourism and marketing for the City of Atlantic City, 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 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 to the Division of Local Government Services in the Department of Community Affairs for

distribution, upon application by a municipality or county, to the municipality and to the county in which the sports wagering lounge is located or to an economic development authority of that municipality and county with those amounts used for economic development purposes, 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.

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.

**C.5:12A-17 Sports wagering lounges, permitted use.**

8. Sports wagering lounges at which a sports pool is operated shall be a permitted use in all commercial, retail, industrial, non-residential and mixed-use zoning districts of a municipality.

**C.5:12A-18 Distribution of unclaimed funds.**

9. If a patron does not claim a winning sports pool wager within one year from the time of the event, the obligation of the operator to pay the winnings shall expire and the funds shall be distributed as follows:

for wagers placed with a sports pool operated by or on behalf of a casino, the casino shall retain 50 percent and remit the remaining 50 percent to the Casino Revenue Fund;

for wagers placed with a sports pool operated by or on behalf of a racetrack, the racetrack shall retain 50 percent and remit the remaining 50 percent to the State General Fund; and

for wagers placed with a sports pool jointly operated by a casino and a racetrack, the casino and racetrack shall retain a total of 50 percent which shall be apportioned among them pursuant to the terms of their operation agreement, and the remaining 50 percent shall be apportioned in the same manner, with the casino percentage being deposited in the Casino Revenue Fund and the racetrack percentage being deposited in the State General Fund.

**C.5:12A-19 Acceptance of certain out-of-State wagers.**

10. Notwithstanding any other provision of P.L.2013, c.27 (C.5:12-95.17 et al.), wagers may be accepted thereunder or pooled with wagers from persons who are not physically present in this State if the division determines that such wagering is not inconsistent with federal law or the law of the jurisdiction, including any foreign nation, in which any such person is located, or such wagering is conducted pursuant to a reciprocal agreement to which the State is a party that is not inconsistent with federal law.

11. Section 24 of P.L.1977, c.110 (C.5:12-24) is amended to read as follows:

**C.5:12-24 "Gross revenue."**

24. "Gross Revenue"-- The total of all sums actually received by a casino licensee from gaming operations, less only the total of all sums actually paid out as winnings to patrons; 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 gross revenue. "Gross Revenue" shall not include any amount received by a casino from casino simulcasting pursuant to the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.) or from sports wagering pursuant to P.L.2018, c.33 (C.5:12A-10 et al.).

12. Section 104 of P.L.1977, c.110 (C.5:12-104) is amended to read as follows:

C.5:12-104 Casino licensees, leases, contracts.

104. a. Unless otherwise provided in this subsection, no agreement shall be lawful which provides for the payment, however defined, of any direct or indirect interest, percentage or share of: any money or property gambled at a casino or simulcasting facility; any money or property derived from casino gaming activity or wagering at a simulcasting facility; or any revenues, profits or earnings of a casino or simulcasting facility. Notwithstanding the foregoing:

(1) Agreements which provide only for the payment of a fixed sum which is in no way affected by the amount of any such money, property, revenues, profits or earnings shall not be subject to the provisions of this subsection; and receipts, rentals or charges for real property, personal property or services shall not lose their character as payments of a fixed sum because of contract, lease, or license provisions for adjustments in charges, rentals or fees on account of changes in taxes or assessments, cost-of-living index escalations, expansion or improvement of facilities, or changes in services supplied.

(2) Agreements between a casino licensee and a junket enterprise or junket representative licensed, qualified or registered in accordance with the provisions of P.L.1977, c.110 (C.5:12-1 et seq.) and the regulations of the division which provide for the compensation of the junket enterprise or junket representative by the casino licensee based upon the actual casino gaming or simulcast wagering activities of a patron procured or referred by the junket enterprise or junket representative shall be lawful if filed with the division prior to the conduct of any junket that is governed by the agreement.

(3) Agreements between a casino licensee and its employees which provide for casino employee or casino key employee profit sharing shall be lawful if the agreement is in writing and filed with the division prior to its effective date. Such agreements may be reviewed by the division under any relevant provision of P.L.1977, c.110 (C.5:12-1 et seq.).

(4) Agreements to lease an approved casino hotel or the land thereunder and agreements for the complete management of all casino gaming operations in a casino hotel shall not be subject to the provisions of this subsection but shall rather be subject to the provisions of subsections b. and c. of section 82 of this act.

(5) Agreements which provide for percentage charges between the casino licensee and a holding company or intermediary company of the casino licensee shall be in writing and filed with the division but shall not be subject to the provisions of this subsection.

(6) Agreements relating to simulcast racing and wagering between a casino licensee and an in-State or out-of-State sending track licensed or exempt from licensure in accordance with section 92 of P.L.1977, c.110 (C.5:12-92) shall be in writing, be filed with the division, and be lawful and effective only if expressly approved as to their terms by the division and the New Jersey Racing Commission, except that any such agreements which provide for a percentage of the parimutuel pool wagered at a simulcasting facility to be paid to the sending track shall not be subject to the provisions of this subsection.

(7) Agreements relating to simulcast racing and wagering between a casino licensee and a casino service industry enterprise licensed pursuant to the provisions of subsection a. of

section 92 of P.L.1977, c.110 (C.5:12-92) as a hub facility, as defined in joint regulations of the Division of Gaming Enforcement and the New Jersey Racing Commission, shall be in writing, be filed with the commission, and be lawful and effective only if expressly approved as to their terms by the commission and the New Jersey Racing Commission, except that any such agreements which provide for a percentage of the casino licensee's share of the parimutuel pool wagered at a simulcasting facility to be paid to the hub facility shall not be subject to the provisions of this subsection.

(8) Agreements relating to simulcast racing and wagering between a casino licensee and a casino service industry enterprise licensed pursuant to the provisions of subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92) to conduct casino simulcasting in a simulcasting facility shall be in writing, be filed with the commission, and be lawful and effective only if expressly approved as to their terms by the commission, except that any such agreements which provide for a percentage of the casino licensee's share of the parimutuel pool wagered at a simulcasting facility to be paid to the casino service industry enterprise shall not be subject to the provisions of this subsection.

(9) Written agreements relating to the operation of multi-casino or multi-state progressive slot machine systems between one or more casino licensees and a casino service industry enterprise licensed pursuant to the provisions of subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license, which provide for an interest, percentage or share of the casino licensee's revenues, profits or earnings from the operation of such multi-casino or multi-state progressive slot machines to be paid to the casino service industry enterprise licensee or applicant shall not be subject to the provisions of this subsection if the agreements are filed with and approved by the division.

(10) A written agreement between a casino licensee and a casino service industry enterprise licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license, relating to the construction, renovation or operation of qualifying sleeping units, as defined in section 27 of P.L.1977, c.110 (C.5:12-27), or of non-gaming amenities, as defined by the division, within the limits of the city of Atlantic City, regardless of whether such qualifying sleeping units or non-gaming amenities are connected to a casino hotel facility, which provides for an interest, percentage or share of the casino licensee's revenues, profits or earnings, not to exceed 5% of the casino licensee's revenues, to be paid to the casino service industry enterprise licensee or applicant in return for the construction, renovation or operation of such qualifying sleeping units or non-gaming amenities shall not be subject to the provisions of this subsection provided that: (i) the agreement requires a capital investment, at least 10% of which shall be made by the casino service industry enterprise licensee or applicant over the term of the agreement, of not less than \$30 million, which minimum amount shall be adjusted periodically by the division for inflation; (ii) the division finds that the total amount of casino revenues, profits or earnings that can be paid to the casino service industry enterprise licensee or applicant pursuant to this agreement is commercially reasonable under the circumstances; and (iii) the agreement is filed with and approved by the division.

(11) A written agreement between a casino licensee holding an Internet gaming permit and a casino service industry enterprise licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such a license, in connection with the conduct of Internet gaming under P.L.2013, c.27 (C.5:12-95.17 et al.), which provides for a percentage of the casino licensee's Internet gaming gross revenue to be paid to the casino service industry enterprise licensee shall not be subject to the provisions of this subsection,

provided that the agreement shall be in writing, filed with the division, and shall be lawful and effective only if the terms thereof are expressly approved by the division.

(12) A written agreement between a casino licensee and a casino service industry enterprise licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such a license, in connection with the conduct of mobile gaming under section 100 of P.L.1977, c.110 (C.5:12-100), or mobile sports pool operations within a casino hotel facility in areas in which mobile gaming under section 100 of P.L.1977, c.110 (C.5:12-100) is authorized, which provides for a percentage of the casino licensee's gross revenue from mobile gaming to be paid to the casino service industry enterprise licensee shall not be subject to the provisions of this subsection, provided that the agreement shall be in writing, filed with the division, and shall be lawful and effective only if the terms thereof are expressly approved by the division.

(13) A written agreement between a casino licensee and a casino service industry enterprise licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such a license, in connection with the conduct of a sports pool, including an online sports pool, mobile sports pool operations within a casino hotel facility in areas in which mobile gaming under section 100 of P.L.1977, c.110 (C.5:12-100) is authorized, or both, which provides for a percentage of the casino licensee's gross revenue from the operations of a sports pool, including online sports pool and mobile operations, to be paid to the casino service industry enterprise licensee shall not be subject to the provisions of this subsection, provided that the agreement shall be in writing, filed with the division, and shall be lawful and effective only if the terms thereof are expressly approved by the division.

b. Each casino applicant or licensee shall maintain, in accordance with the rules of the division, a record of each written or unwritten agreement regarding the realty, construction, maintenance, or business of a proposed or existing casino hotel or related facility. The foregoing obligation shall apply regardless of whether the casino applicant or licensee is a party to the agreement. Any such agreement may be reviewed by the division on the basis of the reasonableness of its terms, including the terms of compensation, and of the qualifications of the owners, officers, employees, and directors of any enterprise involved in the agreement, which qualifications shall be reviewed according to the standards enumerated in section 86 of P.L.1977, c.110 (C.5:12-86). If the division disapproves such an agreement or the owners, officers, employees, or directors of any enterprise involved therein, the division may require its termination.

Every agreement required to be maintained, and every related agreement the performance of which is dependent upon the performance of any such agreement, shall be deemed to include a provision to the effect that, if the commission shall require termination of an agreement pursuant to its authority under P.L.1977, c.110 (C.5:12-1 et seq.), such termination shall occur without liability on the part of the casino applicant or licensee or any qualified party to the agreement or any related agreement. Failure expressly to include such a provision in the agreement shall not constitute a defense in any action brought to terminate the agreement. If the agreement is not maintained or presented to the commission in accordance with division regulations, or the disapproved agreement is not terminated, the division may pursue any remedy or combination of remedies provided in this act.

For the purposes of this subsection, "casino applicant" includes any person required to hold a casino license pursuant to section 82 of P.L.1977, c.110 (C.5:12-82) who has applied to the division for a casino license or any approval required under P.L.1977, c.110 (C.5:12-1 et seq.).

c. Nothing in this act shall be deemed to permit the transfer of any license, or any interest in any license, or any certificate of compliance or any commitment or reservation.

13. Section 1 of P.L.2008, c.12 (C.5:12-38a) is amended to read as follows:

C.5:12-38a "Promotional gaming credit."

1. "Promotional gaming credit" - A slot machine credit, sports wagering credit or other item approved by the division that is issued by a licensee to a patron for the purpose of enabling the placement of a wager at a slot machine or in a sports pool in the licensee's casino or through the licensee's Internet gaming system. No such credit shall be reported as a promotional gaming credit unless the casino licensee can establish that the credit was issued by the casino licensee and received from a patron as a wager at a slot machine or in a sports pool in the licensee's casino or Internet gaming system.

14. Section 3 of P.L.2016, c.5 (C.52:27BBBB-20) is amended to read as follows:

C.52:27BBBB-20 Definitions relative to stabilization of finances of a municipality in which casino gaming is authorized.

3. a. As used in P.L.2016, c.5 (C.52:27BBBB-18 et al.):

"Atlantic City" means the City of Atlantic City, in Atlantic County;

"Base amount" means the amount of the payment in lieu of taxes as determined by subparagraph (d) of paragraph (3) of subsection c. of this section;

"Casino gaming property" means one or more parcels of real property located in Atlantic City, and any adjacent property utilized in connection with such property, upon which there is located a facility licensed to be used for casino gaming in 2014 or thereafter, whether or not in actual operation, which has more than 500 guest hotel rooms, and is not subject to recorded covenants prohibiting casino gaming;

"Division" means the Division of Gaming Enforcement in the Department of Law and Public Safety;

"Gross gaming revenue" (GGR) means the total amount of revenue raised through casino gaming, including revenue from sports pool operations, from all of the casino gaming properties located in Atlantic City as determined by the division;

"Local Finance Board" means the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs; and

"Treasury" means the Department of the Treasury.

b. Beginning with calendar year 2017, and for the next succeeding nine calendar years, casino gaming properties located in Atlantic City shall be exempt from local property taxation on real property and improvements, including accessory hotels, conference centers, parking garages, and other appurtenant facilities, except that any new improvement developed on a casino gaming property that is made outside of the perimeter footprint of any improvement existing as of the effective date of this act and any real property, not formerly qualified as casino gaming property, acquired after such date by an owner of casino gaming property shall not be exempt from local property taxation in any calendar year and shall be subject to local property taxation annually at Atlantic City's general property tax rate. The provisions of this section shall not apply to any casino property that operates under a small scale casino facility license or a staged casino facility license pursuant to section 1 of P.L.2010, c.115 (C.5:12-80.1).

c. (1) In exchange for the property tax exemption granted in subsection b. of this section, each owner of each casino gaming property shall sign a 10-year financial agreement with Atlantic City for each casino gaming property promising to make quarterly payments to the city of its allocated portion of the annual amount of the payment in lieu of taxes as determined by this section. The owner of each casino gaming property shall be responsible for the payments allocated to that property and shall be subject to the lien provisions of R.S.54:5-6 if those payments are not made.

(2) Any new owner of a casino gaming property following the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.) shall immediately become responsible for signing a financial agreement with Atlantic City promising to make payments consistent with this section.

(3) (a) The total amount of the payment in lieu of property taxes owed to Atlantic City for calendar year 2017 shall be \$120 million. To the extent that any owner of a casino gaming property has paid property taxes for calendar year 2017 prior to the date P.L.2016, c.5 (C.52:27BBBB-18 et al.) becomes operative, the amount of property taxes so paid shall be credited toward that owner's allocated share of the \$120 million total payment in lieu of property taxes.

(b) For calendar year 2018 and for each calendar year thereafter, the amount of the payment in lieu of property taxes owed to Atlantic City shall increase by two percent per year in every year in which there is no upward adjustment to the base amount of the payment in lieu of taxes from the previous calendar year as determined by subparagraph (d) of this paragraph.

(c) For calendar year 2018 and for each calendar year thereafter, the total amount of the payment in lieu of property taxes owed to Atlantic City shall be the base amount as determined by subparagraph (d) of this paragraph and the total amount of the annual increases to date as determined by subparagraph (b) of this paragraph.

(d) For calendar year 2018 and for each calendar year thereafter, the base amount of the payment in lieu of taxes shall be determined as follows:

If the amount of the GGR in the preceding calendar year is between \$3.4 billion and \$3.8 billion, the base amount shall be \$165 million, or in the case of an upward adjustment, \$15 million more than the PILOT in the previous year, whichever is greater;

If the amount of the GGR in the preceding calendar year is between \$3.0 billion and \$3.4 billion, the base amount shall be \$150 million, or in the case of an upward adjustment, \$20 million more than the PILOT in the previous year, whichever is greater;

If the amount of the GGR in the preceding calendar year is between \$2.6 billion and \$3.0 billion, the base amount shall be \$130 million, or in the case of an upward adjustment, \$10 million more than the PILOT in the previous year, whichever is greater;

If the amount of the GGR in the preceding calendar year is between \$2.2 billion and \$2.6 billion, the base amount shall be \$120 million, or in the case of an upward adjustment, \$10 million more than the PILOT in the previous year, whichever is greater;

If the amount of the GGR in the preceding calendar year is between \$1.8 billion and \$2.2 billion and the aggregate gross revenues from all of the casino gaming properties located in Atlantic City from all revenue streams, excluding GGR, have not increased compared to the prior calendar year by more than the amount by which GGR is less than \$2.2 billion, as determined by the division, the base amount shall be \$110 million, or in the case of an upward adjustment, \$20 million more than the PILOT in the previous year, whichever is greater;

If the amount of the GGR in the preceding calendar year is \$1.8 billion or less and the aggregate gross revenue from all of the casino gaming properties located in Atlantic City

from all revenue streams, excluding GGR have not increased compared to the prior calendar year by more than the amount by which GGR is less than \$1.8 billion as determined by the division, the base amount shall be \$90 million.

(4) The amount of the payment in lieu of property taxes owed pursuant to this subsection shall be calculated annually each calendar year for each casino gaming property using a formula implemented by the Local Finance Board, in consultation with the division, using the following criteria:

The geographic footprint of the real property, expressed in acres, owned by each casino gaming property;

The number of hotel guest rooms in each casino gaming property; and

The gross gaming revenue of the casino in each casino gaming property from the prior calendar year.

Each of these three criteria shall bear equal weight in the formula implemented by the Local Finance Board, in consultation with the division, pursuant to this paragraph, provided that during calendar years 2017, 2018, 2019, 2020, and 2021, if the formula results in any individual casino gaming property being allocated an amount that is in excess of the total real property taxes due and payable by the casino gaming property in calendar year 2015, then that casino gaming property shall receive a credit against the obligation of the operator of that property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) in the amount of such excess. If, after that credit against the obligation of the operator of that property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1), that casino gaming property would still be liable for a payment in lieu of property taxes in excess of the total real property taxes due and payable by the casino gaming property in calendar year 2015, the casino gaming property shall not be required to make any additional payment in lieu of property tax payment. Instead, any additional amount that would have been owed by that casino gaming property shall be added, by proportional share, to the payment in lieu of property taxes to be paid by every other casino gaming property in order to provide Atlantic City the total amount of the payment in lieu of property taxes due and owing for that calendar year.

d. When a new casino gaming property is added or when an existing casino gaming property no longer qualifies as a casino gaming property as defined in subsection a. of this section, Atlantic City's financial agreement with each owner of each casino gaming property shall be amended to reflect the change and the allocation of the payment in lieu of property taxes between the casino gaming properties.

e. The provisions of R.S.54:5-6 shall apply to any amount required to be paid under this section, and the municipality shall have the same rights against any casino gaming property for such unpaid amounts relating to that property as if such amounts were unpaid property taxes.

Repealer.

15. Sections 1, 2, and 4 of P.L.2014, c.62 (C.5:12A-7 through C.5:12A-9) are repealed.

16. This act shall take effect immediately, except that provisions allowing online or Internet sports wagering shall take effect 30 days thereafter.

Approved June 11, 2018.