

LAW AND PUBLIC SAFETY

DIVISION OF GAMING ENFORCEMENT

Sports Wagering

Casinos; Racetracks

Proposed New Rules: N.J.A.C. 13:69N

Authorized By: David Rebeck, Director, Division of Gaming Enforcement.

Authority: N.J.S.A. 5:12-21, 69, 70, 76, and 100.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2012-088.

Submit written comments by August 31, 2012 to:

Lon E. Mamolen, Deputy Attorney General

Division of Gaming Enforcement

1300 Atlantic Avenue

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The agency proposal follows:

Summary

Recent legislation (P.L. 2011, c. 231) supplementing Title 5 of New Jersey Revised Statutes and amending the Casino Control Act and the Casino Simulcasting Act (P.L. 1977, c. 110 and P.L. 1992, c. 19) permits wagering at casinos and racetracks on certain professional and collegiate sports or athletic events. Pursuant to section 2.a of the new legislation, the Division of Gaming Enforcement (Division) is authorized to hear and decide applications for a license to operate a "sports pool," defined as "the business of accepting wagers on any sports event by any system or method of wagering," and to have the general

responsibility for implementing sports wagering in the State of New Jersey.

In furtherance of the Act, the Division is authorized to promulgate regulations governing: (1) the standards for the issuance of a license and ongoing licensure to operate a sports pool; (2) the requirements of a "sports wagering lounge," the area wherein a sports pool is operated; (3) any contract between a holder of a license to operate a sports pool and an entity to conduct that operation; (4) the registration of certain employees who are working in a sports wagering lounge but are not employed directly in wagering-related activities; (5) its determination of the percentage of the fee paid for a license to operate a sports pool to be allocated for prevention, education, and treatment programs for certain compulsive gambling programs; and (6) the conduct of sports pools and sports wagering "to the same extent that the division regulates other casino games," including the amount of cash reserves to be maintained by operators to cover winning wagers, acceptance of wagers on a series of sports events, maximum wagers which may be accepted by an operator from any one patron on any one sports event, type of wagering tickets which may be used, method of issuing tickets, method of accounting to be used by operators, types of records required to be kept, use of credit and checks by patrons, type of wagering system, protections for persons placing a wager, and the required "gambling problem" advisory to be displayed in print, billboard, sign, online, or broadcast advertisements of a sports pool and in every sports wagering lounge.

In accordance with its statutory responsibility to promulgate rules, the Division proposes new rules regarding sports wagering to be offered to patrons at Atlantic City casinos and New Jersey racetracks. The Division, pursuant to the enabling legislation, has consulted with both the Casino Control Commission and the Racing Commission, particularly with regard to those proposed rules addressed to matters related to their respective jurisdictions. Upon such consultation, the Division has included certain suggestions of those agencies in these proposed rules.

Proposed new rule N.J.A.C. 13:69N-1.1 sets forth definitions applicable to the licensing and operation of a sports pool.

Proposed new rule N.J.A.C. 13:69N-1.2 sets forth eligibility requirements of a sports pool license issued by the Division to operate a sports pool. The new rule further restricts sports pool licensure to a casino licensed by the Casino Control Commission, and a racetrack licensed by the New Jersey Racing Commission, the latter upon approval of the Racing Commission. A racetrack is defined to include the site of a former racetrack. The new rule also contemplates, upon Division and Racing Commission approval, the licensing by the Division of a joint operation of a sports pool by a casino licensee and a racetrack. In addition, the new rule enables a casino operating pursuant to interim casino authorization to apply for a sports pool license and the Division to issue an interim sports pool permit to such an applicant.

Proposed new rule N.J.A.C. 13:69N-1.3 fixes the initial application fee for a sports pool license at \$50,000, and a resubmission fee every five years thereafter of \$50,000. The new rule

exempts from such fee the State of New Jersey and any agency or authority thereof.

Proposed new rule N.J.A.C. 13:69N-1.4 allocates 50 percent of any sports pool application fee or any resubmission fee for prevention, education, and treatment programs for compulsive gambling programs that meet the criteria developed pursuant to section 2 of P.L. 1993, c. 229 (N.J.S.A. 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.

Proposed new rule N.J.A.C. 13:69N-1.5 imposes upon all applicants for a sports pool licensee and all sports pool licensees the obligation to pay, in addition to any licensing fee, the costs of the Division related to the conduct of its sports wagering operations.

Proposed new rule N.J.A.C. 13:69N-1.6 requires each non-casino applicant for a sports pool license to submit a Business Entity Disclosure Form, the form required to be submitted as part of the application for a casino license.

Proposed new rule N.J.A.C. 13:69N-1.7 requires each non-casino entity that a casino operator or racetrack operator contracts with to conduct sports pool wagering to obtain a casino service industry enterprise license pursuant to N.J.S.A. 5:12-92.a and N.J.A.C. 13:69J.

Proposed new rule N.J.A.C. 13:69N-1.8 requires: (i) a person directly involved in the operation of sports pool wagering to be licensed by the Casino Control Commission as a casino key employee; and (ii) a person not directly involved in the operation of sports pool wagering but who works in a sports wagering facility to be

registered with the Division as a casino employee if the Division so requires.

Proposed new rule N.J.A.C. 13:69N-1.9 requires a sports pool operator to conduct sports pool wagering at a sports pool lounge of sufficient square footage to promote optimum security of the facility, including security and surveillance equipment. The Division shall have direct access to a required closed circuit television system or the system's signal.

Proposed new rule N.J.A.C. 13:69N-1.10 requires, unless otherwise approved by the Division, a sports pool operator to establish and maintain a cage or satellite cage in, or immediately adjacent to, its sports pool lounge.

Proposed new rule N.J.A.C. 13:69N-1.11 requires sports pool operators to maintain and file for Division approval internal controls for all aspects of their sports wagering operations prior to their implementation.

Proposed new rule N.J.A.C. 13:69N-1.12 requires all manufacturers, suppliers, and repairers of sports pool wagering equipment to be licensed in accordance with the standards for a gaming-related casino service industry enterprise license pursuant to N.J.S.A. 5:12-92.a.

Proposed new rule N.J.A.C. 13:69N-2.1 prohibits a person from wagering on behalf or on the account of another person.

Proposed new rule N.J.A.C. 13:69N-2.2 delineates requirements for: (1) sports wagering to occur in a simulcast facility or other designated area as approved by the Division; (2) an oddsmaker and an operations wagering manager for a wagering operator; (3) wagering

counters and stations; (4) non-commingling of casino simulcast revenue from sports wagering revenue if a casino simulcast cashier accepts sports wagers; (5) sports pool operator internal controls for accounting and reconciliation of assets and documents in sports wagering cashier drawers; and (6) sports pool operator adoption and display of comprehensive house rules governing wagering transactions with patrons, which rules may be rejected by the Division. Proposed new rule N.J.A.C. 13:69N-2.2(f) sets the minimum age for sports wagering at 21 years of age.

Proposed new rule N.J.A.C. 13:69N-2.3 sets forth a requirement that a wagering operator shall, at least two business days prior to accepting a wager, provide written notification to the Division of the first time wagering on an event is offered to the public. The new rule specifies certain attributes of sports events for which wagering would be permissible and outlines the prohibition on wagering on any collegiate or athletic event that takes place in New Jersey or any individual sporting or athletic event in which any New Jersey college team directly participates regardless of where the event takes place. The new rule further reserves unto the Division the right to prohibit the acceptance of wagers, and to order the cancellation of wagers and require refunds on any event for which wagering would be contrary to the public policies of the State. The new rule sets forth the required information on any wagering ticket issued, including event number, ticket number, date and time of issuance, amount of wager, payout odds, and redemption and expiration information. The new rule specifies the procedure for the redemption of winning sports wagering tickets including the procedure for redemptions by mail. The new rule

mandates the expiration of a wagering ticket one year after the event and subjects expired tickets to the provisions of N.J.S.A. 5:12-141.2.b governing the treatment of expired gaming obligations.

N.J.A.C. 13:69N-2.4 enables a wagering operator to accept a "layoff wager," a wager made by an operator comprised of patron wagers, from another New Jersey wagering operator for the purpose of offsetting patron wagers.

N.J.A.C. 13:69N-2.5 requires operators to maintain adequate cash reserves to cover sports wagering obligations.

N.J.A.C. 13:69N-3.1 details the required totalisator-generated reports for a sports wagering operation. The new rule also sets forth other sports wagering revenue reporting requirements.

This notice of proposal is not required to be referenced in a rulemaking calendar since a public comment period of 60 days is being provided. See N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed new rules at N.J.A.C. 13:69N would introduce a new type of wagering at both casinos and racetracks to the array of casino games currently offered by Atlantic City casinos to the gaming public. The proposed new rules are not anticipated to have any social impact independent of that created by the statutory authorization that permits the Division to regulate sports wagering. It is anticipated that the implementation of sports wagering will generate significant patron interest, but it is uncertain how many new or additional patrons will be attracted to Atlantic City or racetracks as a result of its introduction.

Economic Impact

Implementation of sports wagering will, by its very nature, require casino licensees and racetracks to incur some costs in preparing to offer wagering of this type to the public. Since sports wagering may be offered in a casino licensee's simulcasting facility and to some extent be combined with a casino licensee's existing simulcast operations, the start-up costs for many casinos should be minimized. It is expected that racetracks may incur substantially greater start-up costs in order to comply with certain physical design and structure requirements as well as security and surveillance requirements. Whatever these costs are they should be offset by the increased revenues generated. It is unknown whether approval of these rules would affect the value of the site of any former racetrack. Atlantic City casino licensees and New Jersey racetrack licensees may utilize sports wagering to grow their revenues and to market another attraction that distinguishes them from gaming competition in other states.

To the extent sports wagering does generate increased casino revenues, senior and disabled citizens of New Jersey will benefit from the additional tax revenues that will be collected. As noted above, however, any attempt to quantify the effects of the introduction of sports wagering would be highly speculative at this time.

It is not anticipated that the proposed new rules will require the Division to incur significant additional costs in introducing and otherwise regulating sports wagering in Atlantic City.

The fees charged to licensees for the issuance of and resubmissions for sports pool licenses should be offset by the revenues generated. Benefits in the form of financial funding would

inure to compulsive gambling programs since, as noted, 50 percent of these fees are to be allocated to these programs. With respect to the expansion of gaming that sports wagering represents and its impact on compulsive gamblers, the Division recognizes that authorization of any additional forms of wagering poses added temptation to those who cannot participate in gaming with moderation or within their means.

Federal Standards Statement

A Federal standards analysis is not required because Federal law does not impose standards or requirements in this area.

Jobs Impact

The proposed new rules are not anticipated to create new jobs in the gaming industry unless casino operators determine that their existing operations and workforces do not adequately accommodate patron interest in sports wagering. However, any attempt to predict the impact of the proposed new rules upon the number of jobs in the gaming industry would be speculative at this time.

Agriculture Industry Impact

The proposed new rules will have no impact on agriculture in New Jersey.

Regulatory Flexibility Statement

The proposed new rules will only affect the operations of New Jersey casino licensees and New Jersey racetracks, none of which qualifies as a "small business" as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., as each such entity has more than 100 full-time employees. Accordingly, a regulatory flexibility analysis is not required.

Housing Affordability Impact Analysis

The proposed new rules will have no impact on the affordability of housing in the State of New Jersey because they affect the regulation of casinos in Atlantic City and existing and former racetracks in New Jersey.

Smart Growth Development Impact Analysis

The proposed new rules will have no impact on housing production in Planning Areas 1 and 2, or within designated centers, under the State Development and Redevelopment Plan because they affect the regulation of casinos in Atlantic City and existing and former racetracks in New Jersey.

Full text of the proposed new rules follows:

CHAPTER 69N

SPORTS WAGERING

SUBCHAPTER 1. SPORTS POOL LICENSING AND OPERATIONS

13:69N-1.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

"Event number" means a set of alpha and/or numeric characters that correspond to specific odds for a sports event or an event ancillary to a sports event.

"Layoff wager" means a wager placed by a New Jersey wagering operator with another New Jersey wagering operator for the purpose of offsetting patron wagers made pursuant to this chapter.

"Odds maker" means a person licensed as a casino key employee responsible for the final approval of all odds established on any wager made pursuant to this chapter.

"Operations wagering manager" means a person licensed as a casino key employee responsible for the operations of sports wagering as authorized.

"Operator" or "wagering operator" means a party or parties licensed by the Division to accept parimutuel and non-parimutuel wagers on sports events authorized pursuant to this chapter.

"Racetrack" means the physical facility where a permit holder conducts a horse race meeting with pari-mutuel wagering under a license issued by the New Jersey Racing Commission pursuant to P.L. 1940, c. 17 (N.J.S.A. 5:5-22 et seq.) and includes the site of any former racetrack.

"Sports pool lounge" means an area wherein a sports pool is operated.

"Sports wager" means a wager placed on an authorized sporting event.

"Totalisator" means a computer approved by the Division which, among other things, receives sports wagering information, calculates payoffs for winning wagering tickets, generates reports with respect to such information, automatically prevents wagering after a predetermined time preceding each individual event, and generates all required revenue reports.

"Wagering account" means an electronic account that may be established by a patron for the purpose of wagering pursuant to this chapter, including deposits, withdrawals, wagered amounts, and payouts on winning wagers.

"Wagering station" means hardware and software approved by the Division that allows a patron located within a sports pool lounge to utilize a wagering account.

"Wagering system" means the methodology and equipment approved by the Division including, but not limited to, the totalisator for accepting and recording wagers authorized by this chapter.

"Wagering ticket" means the instrument issued by the wagering system that evidences a sports wager.

13:69N-1.2 License eligibility and issuance; interim permit; Division
and Racing Commission approval

(a) Only a casino licensed by the Casino Control Commission or a racetrack licensed by the New Jersey Racing Commission shall be eligible to obtain a sports pool license.

(b) An operator of a sports pool lounge within a casino facility shall obtain a sports pool license issued by the Division. A casino operating pursuant to interim casino authorization which has applied for a sports pool license shall also be issued an interim sports pool permit by the Division. Such interim permit shall terminate if the casino license application is denied by the Casino Control Commission.

(c) Upon the approval of the Division and the Racing Commission, an operator of a sports pool lounge within a racetrack, including a joint

operation between a casino licensee and a racetrack, shall obtain a sports pool license issued by the Division.

13:69N-1.3 Application fee; resubmission fee

The initial application fee for a sports pool license shall be \$50,000. Every five years thereafter, an operator shall pay a resubmission fee of \$50,000. All application and resubmission fees are non-refundable. The State of New Jersey and any agency or authority thereof shall be exempt from paying such fees.

13:69N-1.4 Percentage of application fee and resubmission fee for compulsive gambling programs

Fifty percent of any application fee or resubmission fee paid pursuant to N.J.A.C. 13:69N-1.3 shall be remitted by the Division to the Department of Treasury to be deposited into the State General Fund for appropriation by the Legislature to the Department of Health and Senior Services to provide funds for prevention, education, and treatment programs for compulsive gambling programs that meet the criteria developed pursuant to section 2 of P.L. 1993, c. 229 (N.J.S.A. 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.

13:69N-1.5 Operators responsible for additional costs of regulation

All sports pool wagering applicants or licensees shall be required to pay, in addition to any license fee, the costs of the Division on matters directly related to the applicant or licensee's

conduct of wagering operations authorized by this chapter at hourly rates to be set by the Division in accordance with N.J.A.C. 13:69A, and to reimburse any unusual costs or out-of-pocket expenses incurred by the Division in regard to such matters.

13:69N-1.6 Non-casino application form

Each non-casino applicant for a sports pool license shall submit to the Division a Business Entity Disclosure Form in accordance with N.J.A.C. 13:69A-5.6.

13:69N-1.7 Non-casino entity

A non-casino entity that an operator contracts with to conduct sports pool wagering shall obtain a casino service industry enterprise license pursuant to N.J.S.A. 5:12-92.a and N.J.A.C. 13:69J. Employees of such a non-casino entity shall be licensed or registered consistent with the provisions of N.J.A.C. 13:69N-1.8.

13:69N-1.8 Individual license or registration

A person directly involved in sports pool wagering shall be licensed by the Casino Control Commission as a casino key employee or registered by the Division as a casino employee, as determined by the Casino Control Commission. A person employed in a sports wagering facility but not directly involved in wagering may also be required to register with the Division as a casino employee, if appropriate, consistent with the registration standards applied to persons not directly involved in casino gaming.

13:69N-1.9 Sports pool lounge; surveillance required

A sports pool operator that conducts sports pool wagering shall establish and maintain a sports pool lounge of sufficient square footage to promote optimum security of the facility, which shall include the installation and maintenance of security and surveillance equipment, including closed circuit television equipment, according to specifications approved by the Division. The Division shall have direct access to the system and its transmissions.

13:69N-1.10 Sports pool lounge; cage required

A sports pool operator which wishes to conduct sports pool wagering shall, unless otherwise approved by the Division, establish and maintain a cage or satellite cage in, or immediately adjacent to, its sports pool lounge.

13:69N-1.11 Internal controls

Sports pool operators shall file with the Division internal controls for all aspects of sports pool wagering operations. Sports pool operators shall not commence sports pool wagering until internal controls have been approved by the Division.

13:69N-1.12 Equipment suppliers; license required

All manufacturers, suppliers, and repairers of sports pool wagering equipment, including, without limitation, totalisators, pari-mutuel machines, self-service pari-mutuel machines, and credit voucher machines, to sports pool licensees shall be licensed in accordance with the provisions of N.J.S.A. 5:12-92.a.

SUBCHAPTER 2. SPORTS POOL WAGERING AND FACILITY REQUIREMENTS

13:69N-2.1 Betting on behalf of another prohibited

Persons shall place a wager at a sports wagering operation only on their own behalf and shall not wager on the account of or for any other person. Any person wagering or attempting to wager on behalf of another person shall be subject to the civil penalties set forth in the Casino Control Act. No licensee shall accept a wager from a person on the account of or for any other person.

13:69N-2.2 Wagering area; required personnel; wagering counter

(a) Sports wagering shall occur in the simulcasting facility or other designated area as approved by the Division. Slot machines shall not be permitted in any area designated for the acceptance of sports wagers located in a racetrack or a casino simulcasting facility. Slot machines may not be located in any other area designated for acceptance of sports wagers without the approval of the Division.

(b) Each wagering operator shall have:

1. An oddsmaker; and
2. An operations wagering manager.

(c) All wagers pursuant to this chapter shall be placed with a wagering cashier at a wagering counter or approved wagering station. A wager from a laptop computer, cell phone, tablet computer, or other mobile device, unless specifically authorized by the Division, shall be prohibited. The wagering counter and the operation thereof shall

conform to the requirements for a simulcast counter as set forth at N.J.A.C. 13:69D-1.14(e). Nothing shall preclude a casino simulcast cashier from processing sports wagers, provided that the casino licensee is able to distinguish casino simulcast revenue therefrom and accurately report thereon.

(d) Each wagering operator's accounting internal controls shall detail the reconciliation of assets and documents contained in the wagering cashier drawers. These procedures shall provide for the reporting of any overage or shortage. All such documents shall be forwarded to casino accounting or a racetrack's accounting department on a daily basis.

(e) Each casino licensee and wagering operator shall adopt and conspicuously display, in the area where sports wagers are accepted, comprehensive house rules governing wagering transactions with patrons. The Division reserves the right to reject any house rule. A record of any change to house rules shall be maintained for a period of one year from the date of the change. The house rules shall conform to the provisions of this chapter and shall specify:

1. The amounts paid on winning wagers;
2. The effect of schedule changes;
3. The method of notifying patrons of odds or proposition changes;
4. The acceptance of wagers at other than posted terms; and
5. The expiration of any winning ticket one year after the date of the event.

(f) No one under the age of 21 years of age may place a wager pursuant to this chapter in a sports pool lounge.

13:69N-2.3 Patron wagers

(a) A wagering operator shall not accept any wager pursuant to this chapter unless it has provided written notification to the Division of the first time that wagering on an event is offered to the public at least two business days prior to accepting a wager on such event, provided that notice is not required whenever the odds change on a previously offered event. The Division reserves the right to prohibit the acceptance of wagers, and may order the cancellation of wagers and require refunds on any event for which wagering would be contrary to the public policies of the State.

(b) A wagering operator shall only accept wagers on events for which:

1. The outcome can be verified;
2. The outcome can be generated by a reliable and independent process;
3. The outcome would not be affected by any wager placed; and
4. The event is conducted in conformity with all applicable laws.

(c) Upon accepting a wager pursuant to this chapter, a wagering cashier shall cause the wagering system to generate a wagering ticket. The wagering ticket shall include, at a minimum, the following:

1. The operator's name;
2. The address at which a winning ticket may be redeemed by mail;
3. An event number;
4. A description of the event;
5. A unique wagering ticket number;

6. A barcode or similar symbol or marking, as approved by the Division, corresponding to the unique wagering ticket number;

7. The date and time of issuance;

8. A cashier identifier;

9. The location of issuance;

10. The amount of the wager;

11. Payout odds; and

12. Notice after the date of the event.

(d) A wagering operator shall not unilaterally rescind any wager pursuant to this chapter without the prior written approval of the Division.

(e) Patron wagers pursuant to this chapter shall be made in cash and, if authorized by the Division, vouchers and gaming chips.

(f) The available wagers shall be displayed in a manner visible to the public and the operator's CCTV system. The display shall include the event number, odds, and a brief description of the event.

(g) Wagers on the following are prohibited:

1. Any collegiate sport or athletic event that takes place in New Jersey or any individual sporting or athletic event in which any New Jersey college team directly participates regardless of where the event takes place; and

2. Any event which the Division deems to be contrary to public policy.

(h) Winning wagering tickets shall be redeemed by a wagering cashier after verifying the validity of the ticket through the wagering system. The cashier shall cause the system to electronically cancel the wagering ticket upon redemption.

(i) A patron may redeem by mail a winning wagering ticket to the address provided thereon. Upon receipt, the wagering ticket shall be forwarded to the accounting department where a member of the accounting department with no incompatible function shall record on a log the name of the patron, the date the wagering ticket was received, the date the ticket was issued, the ticket number, and the event number. The ticket shall then be forwarded to the wagering counter or, if applicable, the simulcast counter where a cashier shall cause the electronic cancellation of the ticket and the issuance of a check to the patron in the amount of the winning wager in accordance with the wagering operator's internal controls.

(j) Any unclaimed winning ticket expires one year after the date of the event. Expired tickets shall be subject to the provisions of N.J.S.A. 5:12-141.2.b.

13:69N-2.4 Layoff wagers

A wagering operator may, in its discretion, accept a layoff wager from another New Jersey wagering operator. A wagering operator placing a layoff wager shall disclose its identity to the wagering operator accepting the wager. A layoff wager and, if applicable, a resultant payout shall not be included in the calculation of gross revenue.

13:69N-2.5 Operator reserve requirements

Operators shall maintain adequate cash reserves, as determined by the Division, to cover winning wagers.

SUBCHAPTER 3. REQUIRED REPORTS; RECONCILIATION

13:69N-3.1 Totalisator reports; wagering revenue; reconciliation

(a) The totalisator shall be required to generate the following reports as approved by the Division. Such reports shall distinguish by type and status where applicable:

1. A Sports Wagering Intake Detail Report used to detail and support the totals reported on the Sports Wagering Intake Summary Report;

2. A Sports Wagering Intake Summary Report used to report gross revenue in accordance with Division rules;

3. A Sports Wagering Ticket Redemption Detail Report used to detail and support the totals reported on the Sports Wagering Ticket Redemption Summary Report;

4. A Sports Wagering Ticket Redemption Summary Report used to reconcile cashier redemptions and to summarize the daily amounts paid out for winning wagers;

5. A Sports Wagering Ticket Expiration Detail Report used to detail and support the totals reported on the Sports Wagering Expiration Summary Report;

6. A Sports Wagering Ticket Expiration Summary Report used to report expired sports wagering tickets in accordance with Division rules;

7. A Sports Wagering Ticket Voided Detail Report used to provide a record for voided sports wagers;

8. A Sports Wagering Ticket Liability Detail Report used to detail and support the totals reported on the Sports Wagering Ticket Liability Summary Report; and

9. A Sports Wagering Ticket Liability Summary Report used to summarize the outstanding sports wagering liability.

(b) Wagering revenue generated pursuant to this chapter shall equal the total of all wagers received less amounts paid out for winning wagers.

(c) For sports wagering operations, an accounting department member shall determine the daily win amount by comparing a win report from the totalisator to the reconciliation of the sports wagering drawers. The wagering operator shall be required to report sports wagering revenue as the higher amount unless otherwise authorized by the Division.

(d) The wagering operator shall permit duly authorized representatives of the Division to examine the operator's accounts and records for the purpose of certifying gross revenue.