

**LAW AND PUBLIC SAFETY**

**DIVISION OF GAMING ENFORCEMENT**

**Internet and Mobile Gaming**

**Location of Servers**

**Proposed Amendment: N.J.A.C. 13:690-1.2**

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

Authority: N.J.S.A. 5:12-69.a, 69.e, 70.a(7), and 95.22.

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

Proposal Number: PRN 2015-161.

Submit written comments by February 5, 2016, to:

Robert A. Moncrief Jr., Deputy Attorney General

Division of Gaming Enforcement

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Or electronically at: [rulecomments@njdgc.org](mailto:rulecomments@njdgc.org)

The agency proposal follows:

**Summary**

Currently, pursuant to N.J.A.C. 13:690-1.2, a casino operator's primary gaming equipment used to conduct Internet or mobile gaming shall be located, with the prior approval of the Division, in a restricted area on the premises of the casino hotel within the territorial limits of Atlantic City, New Jersey. Subject to Division approval, a casino operator may use backup equipment located in a restricted area on the premises of a casino hotel facility within the

territorial limits of Atlantic City to conduct Internet gaming for a time period not to exceed 60 days unless otherwise authorized by the Division.

In order to make the regulations consistent with recent statutory amendments, the proposed amendment to N.J.A.C. 13:69O-1.2 sets forth an alternative for the storage of a casino operator's primary gaming equipment used to conduct Internet or mobile gaming. More specifically, the proposed amendment indicates that a casino operator's primary gaming equipment used to conduct Internet or mobile gaming may be located in another facility owned or leased by the casino licensee that is secure, inaccessible to the public, and specifically designed to house that equipment. Furthermore, the equipment shall be under the complete control of the casino licensee or its Internet gaming affiliate, within the territorial limits of Atlantic City, New Jersey. The proposed amendment also specifies that a secure facility within Atlantic City that is owned or leased by the casino licensee to house Internet gaming equipment shall be considered to be part of the casino hotel facility, notwithstanding that the facility may not be contiguous with the premises of the casino hotel.

Additionally, the proposed amendment indicates that the backup equipment used to conduct Internet or mobile gaming may be located and stored in the same aforementioned manner in which the primary equipment is located and stored. Furthermore, backup equipment that is not used to conduct Internet or mobile gaming but which is used only to restore data to primary Internet gaming equipment may be located outside of the territorial limits of Atlantic City but within the State of New Jersey.

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 amendment may have a social impact in that a casino licensee may have more property to physically store or house servers, therefore improving bandwidth and making a casino more desirable to an Internet and mobile gaming site.

### **Economic Impact**

The proposed amendment would have an economic impact on Internet gaming permit holders in that it would require an expenditure to move their equipment if an alternate location is chosen for storage; however, that alternate location should allow the permit holder to more efficiently house servers hosting Internet gaming potentially increasing Internet gaming revenue.

### **Federal Standards Statement**

A Federal standards analysis is not required because the amendment contained in this proposal is mandated by the provisions of the Casino Control Act, N.J.S.A. 5:12-1 et seq., and is not subject to any Federal requirements or standards.

### **Jobs Impact**

The proposed amendment will not have an impact on the generation or loss of jobs in New Jersey.

### **Agriculture Industry Impact**

The proposed amendment will have no impact on the agriculture industry in New Jersey.

### **Regulatory Flexibility Statement**

The proposed amendment will only affect the operations of New Jersey casino licensees, none of which qualifies as a "small business" as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., because they employ more than 100 persons full-time in the State of New Jersey. Accordingly, a regulatory flexibility analysis is not required.

### **Housing Affordability Impact Analysis**

The proposed amendment will have an insignificant impact on affordable housing in New Jersey and there is an extreme unlikelihood that the proposed amendment would evoke a change in the average costs associated with housing because the proposed amendment concerns the conduct of gambling at New Jersey casinos.

### **Smart Growth Development Impact Analysis**

The proposed amendment will not have an impact on smart growth and there is an extreme unlikelihood that the proposed amendment would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey because the proposed amendment concerns the conduct of gambling at New Jersey casinos.

**Full text** of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

13:69O-1.2 General requirements for Internet and mobile gaming

(a) – (m) (No change.)

(n) A casino operator's [primary] gaming equipment used to conduct Internet or mobile gaming shall be located, with the prior approval of the Division, **as set forth below:**

**1. Primary gaming equipment shall be located:**

**i. [in] In a restricted area on the premises of the casino hotel within the territorial limits of Atlantic City, New Jersey[.]; or**

**ii. In another facility owned or leased by the casino licensee that is secure, inaccessible to the public, and specifically designed to house that equipment, and where the equipment shall be under the complete control of the casino licensee or its Internet gaming affiliate, within the territorial limits of Atlantic City, New Jersey. For the purposes of this subsection, a secure facility within Atlantic City that is owned or leased by the casino licensee to house Internet gaming equipment shall be considered to be part of the casino hotel facility notwithstanding that the facility may not be contiguous with the premises of the casino hotel.**

**2. Backup gaming equipment used to conduct Internet or mobile gaming may also be located:**

**i. Subject to Division approval, [a casino operator may use backup equipment located] in a restricted area on the premises of a casino hotel facility within the territorial limits of Atlantic City to conduct Internet gaming for a time period not to exceed 60 days unless otherwise authorized by the Division[.]; or**

**ii. In another facility owned or leased by the casino licensee that is secure, inaccessible to the public, and specifically designed to house that equipment, and where the equipment shall be under the complete control of the casino licensee or its Internet gaming affiliate,**

**within the territorial limits of Atlantic City, New Jersey. For the purposes of this subsection, a secure facility within Atlantic City that is owned or leased by the casino licensee to house Internet gaming equipment shall be considered to be part of the casino hotel facility notwithstanding that the facility may not be contiguous with the premises of the casino hotel.**

**3. Backup gaming equipment that is not used to conduct Internet or mobile gaming but which is used only to restore data to primary Internet gaming equipment may be located within the State of New Jersey.**

(o) – (y) (No change.)