

LAW AND PUBLIC SAFETY

NEW JERSEY RACING COMMISSION

Harness Racing

Requirements Under Which Permitholders May Request Racing Commission Approval for New Pari-Mutuel Wagers

Proposed New Rule: N.J.A.C. 13:71-27.64

Authorized By: New Jersey Racing Commission, Frank Zanzuccki, Executive Director

Authority: N.J.S.A. 5:5-30

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

Proposal Number: PRN 2007-2.

Submit written comments by March 3, 2007 to:

Frank Zanzuccki, Executive Director
Department of Law and Public Safety
New Jersey Racing Commission
P.O. Box 088
Trenton, New Jersey 08625-0088

The agency proposal follows:

Summary

The New Jersey Racing Commission is interested in obtaining public comment regarding a proposed new harness racing (that is, standardbred racing) rule, N.J.A.C. 13:71-27.64 under which permitholders may request Racing Commission approval for new pari-mutuel wagers. The proposed rule, if adopted, would authorize the Racing Commission to approve or disapprove requests for new forms of pari-mutuel wagering at a public meeting. The approval of the new forms of pari-mutuel wagers is only valid

as to the applicant.

The proposed new rule would, if adopted, streamline the current practice allowing permitholders to compete with neighboring jurisdictions by offering new wagers on New Jersey races to patrons in a more timely manner.

The current practice of complying with the rulemaking process for each and every wagering request is a lengthy process that must be taken prior to a new wager becoming available for use. Permitholders have argued this delay has placed them at a competitive disadvantage with neighboring states.

The proposed new rule would give the Racing Commission the authority to approve or disapprove new forms of pari-mutuel wagering at a public meeting. The permitholder would be required to submit applications for new forms of pari-mutuel wagering with the Racing Commission a minimum of 30 days prior to a scheduled public meeting on a form provided by the Racing Commission.

The form submitted by the permitholder must include a detailed description of the proposed wager along with the permitholder's rules for the wager such as: the minimum dollar amount of the wager; minimum number of starters; carryover provisions, if applicable; the method of pool distribution and a description of all contingencies including how the wager is handled in the event of a scratch, dead heat, race cancellation, change of surface, etc.

The permitholder will also be required to describe on the form provided, the

provisions that will be implemented to notify the public of the new wager and of the permitholder's rules of the wager, as well as when the new wager will be offered provided it is approved by the Racing Commission.

Additionally, the permitholder will be required to include a certification from the totalisator company confirming the new wager has been successfully programmed, tested and conforms to the permitholder's rules of the wager in all respects.

Social Impact

The Racing Commission believes that the social impact of the proposed new rule will be positive, to the extent that the anticipated new wagering opportunities generate additional interest in New Jersey horse racing. Horse racing is a major industry in this State, which provides many direct and indirect benefits to its citizens. The introduction of new wagers is positively received by those citizens who elect to participate in the recreational opportunity that horse race wagering offers. While some may contend that new wagering opportunities constitute an expansion of gambling and are therefore socially undesirable, the proposed rule merely offers new betting alternatives within an industry that is authorized by law to offer wagering on horse racing.

Economic Impact

Because the proposed new rule will allow permit holders to, in a timely manner, introduce new wagers if adopted, it will likely generate wagering interest among those persons who visit New Jersey racetracks, casino simulcast facilities, or wager through

the account wagering system. Such wagering will benefit those outlets that offer the new wagers by increasing profits and generating additional revenue. Additionally, because a portion of wagers placed on horse races by statute benefit purses, breeding and related interests, the horsemen will also obtain an economic benefit. In this regard, the proposed new rule will have a positive economic impact on the State of New Jersey, licensed New Jersey racetracks, the account wagering licensee, New Jersey casino simulcast facilities, and the New Jersey horsemen.

Federal Standards Statement

A Federal standards analysis is not necessary, as there are no Federal standards or requirements applicable to the proposed new rule. The Racing Commission proposes this rule pursuant to the rulemaking authority set forth in N.J.S.A. 5:5-30.

Jobs Impact

The proposed new rule will not result in the generation or loss of jobs. The proposed rule, if adopted, imposes additional job responsibilities on the Racing Commission supervisors of mutuels staff and race officials. It will also impose additional work responsibilities on the personnel of licensees who intend to offer the new wagers, as well as upon employees of the totalisator operator retained by each licensee in connection with the offering of wagering to the public. In each case, the Racing Commission believes that the additional job responsibilities generated by new wager offerings can be assumed by existing staff, without the need to hire additional personnel.

Agriculture Industry Impact

The proposed new rule will have no impact on the agriculture industry in the State.

Regulatory Flexibility Statement

The proposed new rule will not impose any compliance requirements on small businesses, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The permitholders to which the rule's requirements apply all have more than 100 full-time employees.

Smart Growth Impact

The proposed new rule will have no impact on the achievement of smart growth or the implementation of the State Development and Redevelopment Plan.

Full text of the proposed new rule follows:

13:71-27.64 Requirements under which permitholders may request Racing Commission approval for new pari-mutuel wagers

(a) The Racing Commission may approve or disapprove, at a public meeting, applications from permitholders for new forms of pari-mutuel wagering consistent with the best interests of racing. All applications must be filed with the Racing Commission on a form provided by the Racing Commission a minimum of 30 days prior to a scheduled public meeting and must include the following items before it will be considered by the Racing Commission:

1. A detailed description of the proposed wager along with the permitholder's rules of the wager including, but not limited to, the following:

i. The minimum dollar amount of the wager;

ii. The minimum number of starters;

iii. Carryover provisions, if any;

iv. The method of pool distribution; and

v. A description of all contingencies including how the wager is handled in the event of a scratch, dead heat, race cancellation or change of surface, etc.

2. The application shall describe the provisions that will be implemented by the permitholder to notify the public of the new wager and of the permitholder's rules of the wager, as well as when the wager will be offered, provided it is approved by the Racing Commission; and

3. The application shall include a certification from the totalisator company confirming the wager has been successfully programmed, tested and conforms with the

permitholder's rules of the wager in all respects.