

CHAPTER 36

AN ACT concerning horse racing purse subsidies, supplementing P.L.1940, c.17 (C.5:5-22 et seq.), amending P.L.2018, c. 33, and making an appropriation.

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

C.5:5-99.1 Appropriation for horse racing purse subsidies.

1. There shall be appropriated out of the General Fund of the State in the current fiscal year 2019 and in each of the four fiscal years thereafter \$20,000,000 annually to the New Jersey Racing Commission to be used for horse racing purse subsidies. These amounts shall be allocated by the New Jersey Racing Commission equally between the thoroughbred industry and the standardbred industry. Of the funds allocated to the thoroughbred industry, 100 percent shall be allocated to Monmouth Park overnight purses. Of the funds allocated to the standardbred industry, 60 percent shall be allocated to Meadowlands overnight purses; 16 percent to Freehold overnight purses; 12 percent to the New Jersey Sire Stakes purses; 6 percent to purse bonuses for New Jersey sired horses; and 6 percent for breeders awards purses.

2. There is appropriated out of the General Fund of the State for the 2019 Fiscal Year \$20,000,000 to the New Jersey Racing Commission to be used for horse racing purse subsidies in the manner provided by section 1 of this act, P.L.2019, c.36 (C.5:5-99.1).

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

C.5:12A-16 Taxation of sums received by casinos, racetracks.

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

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

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

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

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

The sums actually received by the horse racing permit holder from any sports wagering operation, either jointly established with a casino or established independently or with non-casino partners, less only the total of all sums actually paid out as winnings to patrons, shall be subject to an 8.5 percent tax, except that sums received from Internet wagering on sports events, less only the total of all sums actually paid out as winnings to patrons, shall be subject to a 13 percent tax, to be collected by the division and paid to the State General Fund and to an additional tax of 1.25 percent on amounts actually received from a sports wagering operation, less only the total of all sums actually paid out as winnings to patrons, to be paid, except as provided below with respect to amounts generated by the Meadowlands racetrack, to the Department of the Treasury for distribution, upon application by a municipality or county, to the municipality in which the majority of the racetrack is located and to the county in which the racetrack is located or to an economic development authority of that municipality and county with those amounts used for economic development purposes, which shall include, but not be limited to, improvements to: transportation and infrastructure, tourism, public safety, and properties located on or near the racetrack, provided, however, that the cash equivalent value of any merchandise or thing of value included in a jackpot or payout shall not be included in the total of all sums paid out as winnings to patrons for purposes of determining revenue under this paragraph. The Department of the Treasury shall establish an account for each eligible municipality and county and shall ensure that the amounts generated from the racetrack shall only be distributed to the municipality in which the majority of the racetrack is located and county in which the racetrack is located with 0.75 percent paid to the municipality and 0.5 percent paid to the county, except that amounts generated from the Meadowlands racetrack shall be paid into the intermunicipal account, established pursuant to section 53 of P.L.2015, c.19 (C.5:10A-53), and used to pay Meadowlands adjustment payments to municipalities in the Meadowlands district.

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

C.5:5-99.2 Requirements for receipt of funds.

4. The recipient of any funds appropriated or allocated pursuant to this act, P.L.2019, c.36 (C.5:5-99.1 et al.), as a condition of receiving any such funds in the subsequent fiscal

year thereafter, shall file an annual report with the Governor, the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and the New Jersey Racing Commission that documents the purposes for which those funds were used and the amounts allocated for those purposes. Each annual report shall include, but not be limited to, the following information: impact on the handle/total amount bet; impact on the total number of horses in the races; impact on the number of New Jersey bred horses in the races; impact on the number of New Jersey bred horses winning races; number of brood mares in New Jersey; number of New Jersey bred foals born; and any impact on the New Jersey Sire Stakes program. Each annual report shall also include a comparison for each fiscal year during which funds are received with each of the five years immediately preceding the first year in which funds are received of the number of races held each year, the number of horses in each race, the number of bets placed on horse races, the number of horses aged four years or younger stabled for a majority of the year in New Jersey, and gate attendance and revenue at each racetrack. The Legislature may choose not to appropriate the amounts provided by section 1 of P.L.2019, c.36 (C.5:5-99.1) if it determines, based on a review of the reports filed pursuant to this section, that receipt of these funds has not substantially improved the racing industry in New Jersey. If the Legislature chooses to appropriate the amounts provided by section 1 of P.L.2019, c.36 (C.5:5-99.1) it shall first pass a concurrent resolution stating that the reports have been reviewed and are satisfactory to the Legislature.

5. This act shall take effect immediately.

Approved February 14, 2019.