



GAMING PRACTICE

# ALERT

## NEW JERSEY SENATE PASSES INTERNET GAMING BILL

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On November 22, 2010, the New Jersey Senate passed a bill (Senate Bill 490) to allow limited Internet wagering. Under the bill, New Jersey residents and persons located outside the United States would be permitted to participate in Internet wagering.

Internet wagering sites could be hosted only by New Jersey casino licensees, and the equipment used by casino licensees to conduct Internet wagering would be located either in the respective casino licensee's casino hotel facility or at a secure location within Atlantic City. New Jersey residents would be able to log on to the sites from anywhere in New Jersey and participate in Internet wagering. In addition, persons located outside of the United States would also be permitted to log on to the sites.

The bill would allow casino licensees to offer online versions of all games authorized under the New Jersey Casino Control Act, including slot machines, poker, roulette, baccarat, blackjack, craps, big six, minibaccarat, red dog, pai gow, sic bo and other games.

Any casino licensee that desires to conduct Internet wagering must first obtain an Internet wagering permit from the Casino Control Commission. Holding a casino license is a prerequisite to obtaining such a permit. The bill establishes the minimum fees for the issuance and renewal of such permits, but leaves to the Commission's discretion the authority to establish the specific amount of

such fees. The minimum fee for the issuance of a permit is \$200,000 and the minimum fee for renewal is \$100,000. In addition to permitting fees, Internet wagering gross revenues would be subject to a 15 percent annual tax.

There are a number of provisions in the bill to facilitate the relatively quick establishment of Internet wagering sites by casino licensees, including permitting casino licensees to immediately implement — upon filing with the Commission — certain internal control procedures for the conduct of Internet wagering and a procedure for New Jersey casino regulators to expeditiously adopt Internet wagering regulations.

Upon passage by the Senate, the bill was immediately sent to the Assembly Regulatory Oversight and Gaming Committee. The New Jersey Legislature consists of two chambers — the Senate and General Assembly. Legislation must pass both chambers and then be signed by the governor to become law. In addition, legislation is reviewed by committees of each chamber before going to the full chamber. Accordingly, the Assembly Regulatory Oversight and Gaming Committee must now hold a hearing on the bill. While no hearings have been scheduled yet, action is expected in December. If the Committee approves the bill, it will then be voted on by the full Assembly. If the full Assembly approves it in the same form as the Senate, it must then be signed by

Governor Christie, who has the authority to veto it. If the Assembly amends the bill, it will then go back to the Senate for a vote on the amendments. The legislature does not have to pass the bill this year, as the session continues through 2011.

No action had been taken on the bill since it was introduced in January until November 15, when it was approved by a Senate Committee. Some casinos have opposed it because they support federal Internet gaming legislation. If the U.S. Congress fails to pass Internet gaming legislation this session (and there are only a few

weeks remaining), the industry opposition is expected to shift to support.

Nothing is certain in politics, but at this time, the Internet wagering legislation has a reasonable chance of becoming law.

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