

**ASSEMBLY, No. 5196**

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**STATE OF NEW JERSEY**

**221st LEGISLATURE**

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INTRODUCED JANUARY 16, 2025

**Sponsored by:**  
**Assemblyman CLINTON CALABRESE**  
**District 36 (Bergen and Passaic)**

**SYNOPSIS**

Designates sweepstakes casinos as internet gaming; requires licensure, oversight, and taxation thereof within internet gaming framework.

**CURRENT VERSION OF TEXT**

As introduced.



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2

1 AN ACT concerning the regulation of sweepstakes casinos,  
2 supplementing chapter 12 of Title 5 of the Revised Statutes, and  
3 amending various parts of the statutory law.

4

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

7

8 1. Section 12 of P.L.1977, c.110 (C.5:12-12) is amended to  
9 read as follows:

10 12. "Casino Service Industry Enterprise" -- Any vendor offering  
11 goods or services which directly relate to casino or gaming activity  
12 or Internet gaming activity, including gaming equipment and  
13 simulcast wagering equipment manufacturers, suppliers, repairers  
14 and independent testing laboratories, or any vendor providing to  
15 casino licensees or applicants goods and services ancillary to  
16 gaming activity, including, without limitation, junket enterprises  
17 and junket representatives, holders of casino hotel alcoholic  
18 beverage control licenses, lessors of casino property not required to  
19 hold a casino license pursuant to section 82 of P.L.1977, c.110  
20 (C.5:12-82), licensors of authorized games, operators of online  
21 sweepstakes casinos, and suppliers of Internet gaming software or  
22 systems, and vendors who manage, control or administer the  
23 Internet games or the bets or wagers associated with the games.  
24 Notwithstanding the foregoing, any form of enterprise engaged in  
25 the manufacture, sale, distribution, testing or repair of slot machines  
26 within New Jersey, other than antique slot machines as defined in  
27 N.J.S.2C:37-7, shall be considered a casino service industry  
28 enterprise for the purposes of this act regardless of the nature of its  
29 business relationship, if any, with casino applicants and licensees in  
30 this State.

31 For the purposes of this section, "casino applicant" includes any  
32 person required to hold a casino license pursuant to section 82 of  
33 P.L.1977, c.110 (C.5:12-82) who has applied to the division for a  
34 casino license or any approval required under P.L.1977, c.110  
35 (C.5:12-1 et seq.).

36 (cf: P.L.2013, c.27, s.4)

37

38 2. (New section) "Free currency" means tokens or coins of a  
39 physical or virtual nature that are used in a sweepstakes casino to  
40 play a game, which cannot be redeemed for cash, prizes, or other  
41 things of value on their own, and which may be purchased but has  
42 no intrinsic value apart from its use for specified games or in  
43 specified applications, or until combined with other forms of  
44 currency or promotional gaming credits offered by a sweepstakes  
45 casino.

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

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1       3. Section 6 of P.L.2013, c.27 (C.5:12-28.2) is amended to read  
2 as follows:

3       6. "Internet gaming gross revenue" means the total of all sums  
4 actually received by a casino licensee from Internet gaming  
5 operations, including the operation of an online sweepstakes casino,  
6 less only the total of all sums actually paid out as winnings to  
7 patrons.

8 (cf: P.L.2013, c.28, s.6)

9  
10       4. (New section) "Online sweepstakes casino" means any  
11 platform available via an Internet website or mobile application that  
12 (1) provides participants with an opportunity to play authorized  
13 gambling games or provides an experience equivalent to, or with  
14 similar statistical odds of winning as an authorized gambling game,  
15 except that the game does not require any initial monetary  
16 investment on behalf of the participants to play and instead is  
17 played primarily with free currency; and (2) awards to participants  
18 at random, as a bundle with the purchase of free currency, or upon  
19 the completion of certain specified tasks, currency or promotional  
20 gaming credits which can be wagered on games and are redeemable  
21 for cash, prizes, or other things of value. An online sweepstakes  
22 casino may additionally offer tokens, coins, chips, credits, or other  
23 forms of currency for purchase or exchange that are directly  
24 redeemable for cash, prizes, or other things of value.

25

26       5. Section 1 of P.L.2008, c.12 (C.5:12-38a) is amended to read  
27 as follows:

28       1. "Promotional gaming credit" - A slot machine credit, sports  
29 wagering credit, match play coupon, table game wager coupon, or  
30 other item approved by the division that is issued by a licensee to a  
31 patron for the purpose of enabling the placement of a wager at a slot  
32 machine, a gaming table, or in a sports pool in the licensee's casino  
33 or through the licensee's Internet gaming system, or any online  
34 sweepstakes casino tokens or coins awarded at random, as a bundle  
35 with the purchase of other items, or upon the completion of certain  
36 specified tasks. No such credit shall be reported as a promotional  
37 gaming credit unless the casino licensee can establish that the credit  
38 was issued by the casino licensee and received from a patron as a  
39 wager at a slot machine, a gaming table, or in a sports pool in the  
40 licensee's casino or Internet gaming system.

41 (cf: P.L.2021, c.314, s.2)

42

43       6. Section 92 of P.L.1977, c.110 (C.5:12-92) is amended to  
44 read as follows;

45       92. Licensing of casino service industry enterprises.

46       a. (1) Any business to be conducted with a casino applicant,  
47 racetrack, or licensee by a vendor offering goods or services which  
48 directly relate to casino, racetrack, sports wagering, or gaming

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1 activity, online sweepstakes casino or Internet gaming activity,  
2 including gaming equipment and simulcast wagering equipment  
3 manufacturers, suppliers, repairers, and independent testing  
4 laboratories, and companies that supply sports wagering equipment  
5 or services, shall require licensure as a casino service industry  
6 enterprise in accordance with the provisions of this act prior to  
7 conducting any business whatsoever with a casino applicant,  
8 racetrack, or licensee, its employees or agents; provided, however,  
9 that upon a showing of good cause by a casino applicant, racetrack,  
10 or licensee, the director may permit an applicant for a casino service  
11 industry enterprise license to conduct business transactions with  
12 such casino applicant, racetrack, or licensee prior to the licensure of  
13 that casino service industry enterprise applicant under this  
14 subsection for such periods as the division may establish by  
15 regulation. Companies providing services to casino licensees  
16 regarding Internet gaming shall, notwithstanding any other  
17 provision of P.L.1977, c.110 (C.5:12-1 et seq.), be responsible for  
18 the full cost of their licensure, including any investigative costs.

19 In the case of conducting an online sports pool, as that term is  
20 defined in section 1 of P.L.2018, c.33 (C.5:12A-10), a vendor that  
21 holds an existing casino service industry enterprise license shall,  
22 upon the approval of the division, expand on any initial license  
23 granted by the division prior to offering goods or services directly  
24 related to sports wagering or online sports wagering activities or  
25 operations. The approval shall be in accordance with the terms and  
26 conditions set forth by the division.

27 (2) In addition to the requirements of paragraph (1) of this  
28 subsection, any casino service industry enterprise intending to  
29 manufacture, sell, distribute, test or repair slot machines within  
30 New Jersey, other than antique slot machines as defined in  
31 N.J.S.2C:37-7, shall be licensed in accordance with the provisions  
32 of this act prior to engaging in any such activities; provided,  
33 however, that upon a showing of good cause by a casino applicant  
34 or licensee, the director may permit an applicant for a casino service  
35 industry enterprise license to conduct business transactions with the  
36 casino applicant or licensee prior to the licensure of that casino  
37 service industry enterprise applicant under this subsection for such  
38 periods as the division may establish by regulation; and provided  
39 further, however, that upon a showing of good cause by an  
40 applicant required to be licensed as a casino service industry  
41 enterprise pursuant to this paragraph, the director may permit the  
42 casino service industry enterprise applicant to initiate the  
43 manufacture of slot machines or engage in the sale, distribution,  
44 testing or repair of slot machines with any person other than a  
45 casino applicant or licensee, its employees or agents, prior to the  
46 licensure of that casino service industry enterprise applicant under  
47 this subsection.

1 (3) Vendors providing goods and services to casino licensees or  
2 applicants ancillary to gaming, including, without limitation, junket  
3 enterprises and junket representatives, and any person employed by  
4 a junket enterprise or junket representative in a managerial or  
5 supervisory position, non-casino applicants or licensees required to  
6 hold a casino hotel alcoholic beverage license pursuant to section  
7 103 of P.L.1977, c.110 (C.5:12-103), lessors of casino property not  
8 required to hold a casino license pursuant to section 82 of P.L.1977,  
9 c.110 (C.5:12-82), and licensors of authorized games shall be  
10 required to be licensed as an ancillary casino service industry  
11 enterprise and shall comply with the standards set forth in  
12 paragraph (4) of subsection c. of this section.

13 b. Each casino service industry enterprise required to be  
14 licensed pursuant to paragraph (1) of subsection a. of this section,  
15 as well as its owners; management and supervisory personnel; and  
16 employees if such employees have responsibility for services to a  
17 casino applicant or licensee, must qualify under the standards,  
18 except residency, established for qualification of a casino key  
19 employee under this act, P.L.1977, c.110 (C.5:12-1 et seq.).

20 c. (1) Any vendor that offers goods or services to a casino  
21 applicant or licensee that is not included in subsection a. of this  
22 section including, but not limited to casino site contractors and  
23 subcontractors, shopkeepers located within the approved hotels,  
24 gaming schools that possess slot machines for the purpose of  
25 instruction, and any non-supervisory employee of a junket  
26 enterprise licensed under paragraph (3) of subsection a. of this  
27 section, shall be required to register with the division in accordance  
28 with the regulations promulgated under this act, P.L.1977, c.110  
29 (C.5:12-1 et seq.).

30 (2) Notwithstanding the provisions of paragraph (1) of this  
31 subsection, the director may, consistent with the public interest and  
32 the policies of this act, direct that individual vendors registered  
33 pursuant to paragraph (1) of this subsection be required to apply for  
34 either a casino service industry enterprise license pursuant to  
35 paragraph (1) of subsection a. of this section, or an ancillary casino  
36 service industry enterprise license pursuant to paragraph (3) of  
37 subsection a. of this section, as directed by the division, including,  
38 without limitation, in-State and out-of-State sending tracks as  
39 defined in section 2 of the "Casino Simulcasting Act," P.L.1992,  
40 c.19 (C.5:12-192); shopkeepers located within the approved hotels;  
41 and gaming schools that possess slot machines for the purpose of  
42 instruction. The director may also order that any enterprise licensed  
43 as or required to be licensed as an ancillary casino service industry  
44 enterprise pursuant to paragraph (3) of subsection a. of this section  
45 be required to apply for a casino service industry enterprise license  
46 pursuant to paragraph (1) of subsection a. of this section. The  
47 director may also, in his discretion, order that an independent  
48 software contractor not otherwise required to be registered be either

1 registered as a vendor pursuant to subsection c. of this section or be  
2 licensed pursuant to either paragraph (1) or (3) of subsection a. of  
3 this section.

4 (3) (Deleted by amendment, P.L.2011, c.19)

5 (4) Each ancillary casino service industry enterprise required to  
6 be licensed pursuant to paragraph (3) of subsection a. of this  
7 section, as well as its owners, management and supervisory  
8 personnel, and employees if such employees have responsibility for  
9 services to a casino applicant or licensee, shall establish their good  
10 character, honesty and integrity by clear and convincing evidence  
11 and shall provide such financial information as may be required by  
12 the division. Any enterprise required to be licensed as an ancillary  
13 casino service industry enterprise pursuant to this section shall be  
14 permitted to transact business with a casino licensee upon filing of  
15 the appropriate vendor registration form and application for such  
16 licensure.

17 (5) Each casino service industry enterprise required to be  
18 licensed pursuant to paragraph (1) of subsection a. of this section  
19 that intends to operate an online sweepstakes casino shall submit to  
20 an independent third-party audit, at the enterprise's expense, to  
21 verify the integrity of their operations and their financial standing  
22 prior to receiving a casino service industry enterprise license. As a  
23 condition of maintaining a valid license, the operator of an online  
24 sweepstakes casino shall conduct and submit to the division, on a  
25 bi-annual basis, an updated audit of their operations and financial  
26 position.

27 d. Any applicant, licensee or qualifier of a casino service  
28 industry enterprise license or of an ancillary casino service industry  
29 enterprise license under subsection a. of this section, and any  
30 vendor registrant under subsection c. of this section shall be  
31 disqualified in accordance with the criteria contained in section 86  
32 of P.L.1977, c.110 (C.5:12-86), except that no such ancillary  
33 casino service industry enterprise license under paragraph (3) of  
34 subsection a. of this section or vendor registration under subsection  
35 c. of this section shall be denied or revoked if such vendor  
36 registrant can affirmatively demonstrate rehabilitation as provided  
37 in subsection d. of section 91 of P.L.1977, c.110 (C.5:12-91).

38 e. No casino service industry enterprise license or ancillary  
39 casino service industry enterprise license shall be issued pursuant to  
40 subsection a. of this section to any person unless that person shall  
41 provide proof of valid business registration with the Division of  
42 Revenue in the Department of the Treasury.

43 f. (Deleted by amendment, P.L.2011, c.19)

44 g. For the purposes of this section, each applicant shall submit  
45 to the division the name, address, fingerprints and a written consent  
46 for a criminal history record background check to be performed, for  
47 each person required to qualify as part of the application. The  
48 division is hereby authorized to exchange fingerprint data with and

1 receive criminal history record information from the State Bureau  
2 of Identification in the Division of State Police and the Federal  
3 Bureau of Investigation consistent with applicable State and federal  
4 laws, rules and regulations. The applicant shall bear the cost for the  
5 criminal history record background check, including all costs of  
6 administering and processing the check. The Division of State  
7 Police shall promptly notify the division in the event a current or  
8 prospective qualifier, who was the subject of a criminal history  
9 record background check pursuant to this section, is arrested for a  
10 crime or offense in this State after the date the background check  
11 was performed.

12 h. (1) Subsequent to the licensure of any entity pursuant to  
13 subsection a. of this section, including any finding of qualification  
14 as may be required as a condition of licensure, or the registration of  
15 any vendor pursuant to subsection c. of this section, the director  
16 may revoke, suspend, limit, or otherwise restrict the license,  
17 registration or qualification status upon a finding that the licensee,  
18 registrant or qualifier is disqualified on the basis of the criteria set  
19 forth in section 86 of P.L.1977, c.110 (C.5:12-86).

20 (2) A hearing prior to the suspension of any license, registration  
21 or qualification issued pursuant to this section shall be a limited  
22 proceeding at which the division shall have the affirmative  
23 obligation to demonstrate that there is a reasonable possibility that  
24 the licensee, registrant or qualifier is disqualified on the basis of the  
25 criteria set forth in section 86 of P.L.1977, c.110 (C.5:12-86).  
26 (cf: P.L.2021, c.286, s.1)

27  
28 7. Section 28 of P.L.2013, c.27 (C.5:12-95.30) is amended to  
29 read as follows:

30 28. a. No organization or commercial enterprise, other than a  
31 casino located in Atlantic City or its Internet gaming affiliate that  
32 has been issued a permit to conduct Internet gaming and has located  
33 all of its equipment used to conduct Internet gaming, including  
34 computers, servers, monitoring rooms, and hubs, in Atlantic City,  
35 shall make its premises available for placing wagers at casinos  
36 using the Internet or advertise that its premises may be used for  
37 such purpose. An organization or commercial enterprise that is  
38 determined by the division to have violated the provisions of this  
39 section shall be subject to a penalty of \$1,000 per player per day for  
40 making its premises available for placing wagers at casinos using  
41 the Internet and of \$10,000 per violation for advertising that its  
42 premises may be used for such purpose.

43 b. The division shall collaborate with federal, State, and local  
44 law enforcement agencies to investigate online sweepstakes casinos,  
45 organizations, and commercial enterprises that conduct internet  
46 gaming without meeting the requirements established by law. The  
47 division shall further coordinate with telecommunications providers  
48 and any other commercial enterprise deemed necessary to limit

1 access to unauthorized online sweepstakes casinos and internet  
2 gaming in this State.

3 (cf: P.L.2013, c.27, s.28)

4

5 8. Section 33 of P.L.2013, c.27 (C.5:12-95.32) is amended to  
6 read as follows:

7 33. As used in P.L.1977, c.110 (C.5:12-1 et seq.), as amended  
8 and supplemented, "Internet gaming affiliate" means a business  
9 entity licensed under that act that owns or operates an Internet  
10 gaming system, such as an online sweepstakes casino, on the behalf  
11 of a licensed casino.

12 (cf: P.L.2013, c.27, s.33)

13

14 9. This act shall take effect 30 days following the date of  
15 enactment.

16

17

18

#### STATEMENT

19

20 This bill designates the conduct of an online sweepstakes casino  
21 as a form of internet gaming.

22 As defined by the bill, an "online sweepstakes casino" means  
23 any platform available via an Internet website or mobile application  
24 that (1) provides participants with an opportunity to play authorized  
25 gambling games or provides an experience equivalent to, or with  
26 similar statistical odds of winning as an authorized gambling game,  
27 except that the game does not require any initial monetary  
28 investment on behalf of the participants to play and instead is  
29 played primarily with free currency; and (2) awards to participants  
30 at random, as a bundle with the purchase of free currency, or upon  
31 the completion of certain specified tasks, currency or promotional  
32 gaming credits which can be wagered on games and are redeemable  
33 for cash, prizes, or other things of value. An online sweepstakes  
34 casino may additionally offer tokens, coins, chips, credits, or other  
35 forms of currency for purchase or exchange that are directly  
36 redeemable for cash, prizes, or other things of value.

37 This bill requires that the operator of any online sweepstakes  
38 casino be licensed with the State as a casino service industry  
39 enterprise. The enterprise will be required to submit to an  
40 independent third-party audit to determine the integrity of its  
41 operations and its financial standing as a condition of receiving an  
42 initial license and will submit updated audit reports on a bi-annual  
43 basis as a condition of maintaining a valid license.

44 In order to operate a sweepstakes casino, the enterprise,  
45 following licensure, will be required to partner with a casino  
46 licensee and to obtain an internet gaming permit. Under current  
47 law, this is the procedure for authorizing all other internet gaming.



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1       The bill authorizes the Division of Gaming Enforcement to  
2 collaborate with federal, State, and local law enforcement agencies  
3 to investigate unlawful online sweepstakes casinos. The division  
4 will have the authority to work with telecommunication providers  
5 and other commercial operators to restrict the accessibility of  
6 unauthorized online sweepstakes casinos in New Jersey. Under  
7 current law, unlawful internet gaming operators are also subject to  
8 penalties of \$1,000 per player per day for making its premises  
9 available for placing wagers at casinos using the Internet and of  
10 \$10,000 per violation for advertising that its premises may be used  
11 for such purpose.

12       Under the bill, online sweepstakes casino operators that become  
13 licensed, partner with a casino licensee, and receive an internet  
14 gaming permit will be subject to the same legal requirements and  
15 standards of all other internet gaming operators. This includes the  
16 conduct of background checks for employees, the prohibition on  
17 accepting wagers from persons under the age of 21 and the required  
18 use of age verification tools, the payment of licensing and  
19 permitting fees, and the payment of taxes on all gross internet  
20 gaming revenues.