

**ASSEMBLY BILL NO. 4297**  
**(First Reprint)**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Assembly Bill No. 4297 (First Reprint) without my approval.

Assembly Bill No. 4297 (First Reprint) amends current law to allow charitable organizations to conduct bingo, lotto, and raffle games remotely, directing the Legalized Games of Chance Control Commission ("LGCCC") to adopt regulations permitting the conduct of these games of chance remotely using communication technology to the extent not inconsistent with the New Jersey Constitution. The New Jersey Constitution, and current law, authorize the governing body of any municipality in which the voters have voted to allow the conduct of such games of chance to license bona fide veterans, charitable, educational, religious, or fraternal organizations, civic and service clubs, senior citizen associations or clubs, volunteer fire companies, and first-aid or rescue squads to conduct bingo, lotto, and raffle games within the borders of the municipality, subject to oversight and regulation by the LGCCC as authorized by the Legislature. The net proceeds from these games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, and in the case of bona fide veterans' organizations and senior citizen associations or clubs, to the support of such organizations.

In authorizing the remote conduct of these games of chance, the bill requires that the technology be approved by the LGCCC prior to use by an eligible organization. The bill further requires licensees conducting such games remotely to verify that the physical location of each participant is within a municipality that has authorized the conduct of bingo, lotto, and raffle games. To address the constitutional restriction, the bill deems the location of the person conducting the game to be the licensed premises.

I commend the sponsors for their recognition of the need of these charities to raise funds to support their good works, and for their advocacy of the use of remote technology to achieve this laudable purpose. The impact of the Coronavirus disease 2019 (COVID-19) pandemic has, as a practical matter, limited the fundraising capacity of these organizations, hampering their ability to generate contributions through the in-person conduct of games of chance. This bill would allow these games to reach a broader participant pool, irrespective of the impact of the pandemic or the limits of municipal borders, exponentially expanding the fundraising capacity of the charitable organizations able to pursue gaming activities through remote channels.

However, the legislation fails to address the myriad practical regulatory and resource concerns attendant to the expansion of the conduct of charitable bingo, lotto, and raffle games using remote communication technology. While it is unquestionably commendable to seek to afford charities enhanced tools to raise funds to support the worthy causes they serve, it is also important to ensure that such tools are subject to a requisite level of regulatory oversight to prevent fraud, ensure integrity, and avoid other improper or undesirable results such as security breaches, identity theft, and similar abuses. In removing the practical limitations imposed by the requirement that such fundraising be conducted live in local communities (rather than through virtual means), bingo, lotto, and raffle games theoretically will be able to be conducted at such frequency and at all times for an expansive number of organizations, and will involve a whole new type of technology that is beyond the regulatory oversight capacity and expertise of the LGCCC as currently staffed and resourced. This expansion into the virtual realm also raises the stakes with respect to the security and privacy of participants' personal information and presents expanded challenges to the regulator's ability to ensure the integrity of the gaming activities being conducted or the security of the funds being

used. This expansion will likely require the LGCCC to regulate potentially thousands of these events carried out by new, independent operators and fundraisers, through communication technology on a statewide basis.

In the context of casino gaming, the Division of Gaming Enforcement is able to assess a large profit-making industry for the costs of personnel and regulation and use these funds to invest in new technology. By contrast, regulating expanded bingo, lotto, and raffle games in the charitable fundraising context - where the majority of the money generated should be earmarked for the worthy causes for which it is raised rather than substantial licensing fees - suggests that the taxpayers would need to bear the cost of enhancing and expanding the LGCCC's regulatory capacity to meet the demands of regulating this new channel of charitable fundraising.

This legislation, though well-intended, does not provide solutions to these difficult practical issues, and thus further consideration of these concerns is necessitated before we can responsibly entertain the prospect of such a significant expansion of charitable gaming activities.

Accordingly, I herewith return Assembly Bill No. 4297 (First Reprint) without my approval.

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor