

NJ Legislators Introduce Bill to Classify Esports as Internet Gaming, Expand Esports Gambling Opportunities

Frank A. Bruno and Zachery B. Roth

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In recent years, New Jersey lawmakers and gaming authorities have taken steps to establish the state as a major hub for the Esports industry in the United States. In 2021, the legislature amended New Jersey's sports betting law to recognize Esports tournaments approved by the Division of Gaming Enforcement ("DGE") as a type of "sporting event" upon which licensed sportsbooks can accept wagers. The 2021 amendment allowed the state's retail and online/mobile sportsbooks to bring Esports wagering into the fold of their established sports betting operations. Earlier this year, the DGE also approved Esports Entertainment Group's Esports-only online/mobile betting platform, Vie, which operates as an online/mobile sportsbook partner of Bally's Atlantic City.

In June 2022, New Jersey state Assemblyman Ralph Caputo introduced a bill in the New Jersey House of Representatives to further bolster the esports betting industry. In September 2022, New Jersey state Senator James Beach introduced an identical version of the bill in the state Senate. If enacted, the bill would recognize Esports as an "authorized gambling game" and expand the definition of "internet gambling" to include "the placing of wagers with a casino licensee on Esports." The bill would further authorize the DGE to issue additional internet gaming permits to existing Casino Licensees for "Esports." These online/mobile platforms would not count toward the traditional limit of five individually branded online/mobile gaming platforms per Casino Licensee. At this time, it is unclear whether the online/mobile offerings permitted thereunder would be limited to Esports betting (like the Vie platform) or would include Esports-inspired skill-based games, in which users may compete directly against the house and/or each other.

The bill also includes a provision that would allow the state's Sports Wagering Licensees to offer two additional individually branded online/mobile sports betting platforms exclusively for Esports that would not count toward the current three-skin limit. As written, the bill would not impact the 2021 amendment discussed above, meaning Sports Wagering Licensees would still be permitted to offer betting on DGE-approved Esports events at retail betting locations and through online/mobile sports betting platforms.

State legislators have the opportunity to take up the proposed bill during the current legislative session, which ends on December 31, 2022. White and Williams will continue to monitor developments in New Jersey and provide updates where appropriate.

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