

MAINE STATE LEGISLATURE

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129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 1571

H.P. 1133

House of Representatives, April 16, 2019

**An Act To Establish the Exclusive Right of the Federally Recognized
Indian Tribes in the State To Conduct All Sports Betting in Maine**

Reference to the Committee on Veterans and Legal Affairs suggested and ordered printed.

Handwritten signature of Robert B. Hunt in cursive.

ROBERT B. HUNT
Clerk

Presented by Representative COLLINGS of Portland.
Cosponsored by President JACKSON of Aroostook and
Representatives: HICKMAN of Winthrop, HUBBELL of Bar Harbor, McCREIGHT of
Harpwell, McDONALD of Stonington, NEWELL of the Passamaquoddy Tribe, Senators:
CARPENTER of Aroostook, MOORE of Washington, WOODSOME of York.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 8 MRSA §1001, sub-§15,** as amended by IB 2009, c. 2, §4, is further
3 amended to read:

4 **15. Gambling activity.** "Gambling activity" means off-track betting, pari-mutuel
5 wagering at a race track, online sports pool wagering, high-stakes beano, beano, games of
6 chance or slot machine or table game operation.

7 **Sec. 2. 8 MRSA §1001, sub-§29-D** is enacted to read:

8 **29-D. Net online sports pool income.** "Net online sports pool income" means the
9 amount of wagers placed through the online sports pool after payment of money from
10 winning wagers to winning bettors.

11 **Sec. 3. 8 MRSA §1001, sub-§§30-A and 30-D** are enacted to read:

12 **30-A. Online sports pool.** "Online sports pool" means a sports pool in which
13 wagers on sports events are made via electronic device and transmitted to the online
14 sports pool operator by any means that involves the use, at least in part, of the Internet.

15 **30-B. Online sports pool operator.** "Online sports pool operator" means a federally
16 recognized Indian tribe licensed under section 1081, subsection 2 that operates an online
17 sports pool or an online sports pool vendor that contracts with a federally recognized
18 Indian tribe to operate an online sports pool in accordance with section 1081, subsection
19 2.

20 **30-C. Online sports pool services.** "Online sports pool services" means goods and
21 services, including but not limited to servers, computer programs and staffing services,
22 that are used by an online sports pool vendor to operate an online sports pool on behalf of
23 a federally recognized Indian tribe licensed under section 1081, subsection 2.

24 **30-D. Online sports pool vendor.** "Online sports pool vendor" means a person that
25 is licensed under section 1081, subsection 3 to provide online sports pool services.

26 **Sec. 4. 8 MRSA §1001, sub-§35-A** is enacted to read:

27 **35-A. Prohibited sports event.** "Prohibited sports event" means a high school sport
28 or athletic event or another sport or athletic event in which a majority of the participants
29 have not attained 18 years of age.

30 **Sec. 5. 8 MRSA §1001, sub-§§42-A and 42-B** are enacted to read:

31 **42-A. Sports event.** "Sports event" means a professional or amateur sport or athletic
32 event, or any portion thereof, including but not limited to the individual performance
33 statistics of athletes in an event or a combination of events.

34 **42-B. Sports pool.** "Sports pool" means a device or system established for the
35 acceptance of wagers on a sports event by any system or method of wagering, including
36 but not limited to an online sports pool, except that "sports pool" does not include pari-

1 mutuel betting authorized under chapter 11, advance deposit wagering or a fantasy
2 contest as defined in section 1101, subsection 4.

3 **Sec. 6. 8 MRSA §1003, sub-§1, ¶K**, as amended by PL 2015, c. 499, §4, is
4 further amended to read:

5 K. Ensure that public safety inspectors employed by the board assigned to enforce
6 the provisions of this chapter at the site of a casino may, in the absence of a sworn
7 law enforcement officer, detain any person who is suspected of violating any
8 provision of this chapter. Such detention must comply with federal and state laws
9 including the provisions of Title 17-A, section 107; ~~and~~

10 **Sec. 7. 8 MRSA §1003, sub-§1, ¶L**, as enacted by PL 2015, c. 499, §5, is
11 amended to read:

12 L. Regulate, supervise and exercise general control over the operation of advance
13 deposit wagering in the State; and

14 **Sec. 8. 8 MRSA §1003, sub-§1, ¶M** is enacted to read:

15 M. Regulate, supervise and exercise general control over the operation of online
16 sports pools in the State.

17 **Sec. 9. 8 MRSA §1003, sub-§2, ¶H**, as amended by PL 2013, c. 212, §8, is
18 further amended to read:

19 H. Pursuant to subchapter 5, cause the department to investigate all complaints made
20 to the board regarding ownership, distribution or operation of slot machines ~~or~~ table
21 games or online sports pools and all violations of this chapter or rules adopted under
22 this chapter;

23 **Sec. 10. 8 MRSA §1003, sub-§2, ¶P**, as enacted by PL 2003, c. 687, Pt. A, §5
24 and affected by Pt. B, §11, is amended to read:

25 P. Collect all funds and taxes due to the State under sections 1018 ~~and~~ 1036, 1081
26 and 1085;

27 **Sec. 11. 8 MRSA §1003, sub-§2, ¶Q**, as amended by IB 2009, c. 2, §20, is
28 further amended to read:

29 Q. Certify monthly to the department a full and complete statement of all slot
30 machine ~~and~~ table game and online sports pool revenue, credits disbursed by
31 licensees, administrative expenses and the allocation of slot machine ~~and~~ table game
32 and online sports pool income for the preceding month;

33 **Sec. 12. 8 MRSA §1003, sub-§2, ¶R**, as amended by IB 2009, c. 2, §21, is
34 further amended to read:

35 R. Submit by March 15th an annual report to the Governor and the joint standing
36 committee of the Legislature having jurisdiction over gambling affairs on slot
37 machine ~~and~~ table game and online sports pool revenue, credits disbursed by slot
38 machine operators ~~and~~ table game operators and online sports pool operators,

1 administrative expenses and the allocation of slot machine ~~and~~, table game and online
2 sports pool income for the preceding year;

3 **Sec. 13. 8 MRSA §1005, sub-§1, ¶¶A and B**, as amended by IB 2009, c. 2, §27,
4 are further amended to read:

5 A. Without notice, and at any time during regular hours of operation, enter the
6 offices, facilities or other places of business of slot machine operators, casino
7 operators, online sports pool operators, slot machine distributors, table game
8 distributors and gambling services vendors to conduct administrative inspections to
9 determine compliance with this chapter and rules adopted under this chapter; and

10 B. Request the director to disable any slot machine ~~or~~, table game or online sports
11 pool if the department has a reasonable and articulable suspicion that the slot machine
12 ~~or~~, table game or online sports pool is being operated in violation of this chapter or of
13 any rule adopted under this chapter.

14 **Sec. 14. 8 MRSA §1006, sub-§8**, as enacted by PL 2013, c. 212, §12, is amended
15 to read:

16 **8. Voluntary exclusion.** Notwithstanding Title 1, section 401, records and
17 information obtained or developed by the board as part of establishing and administering
18 the list of persons who voluntarily request exclusion from any slot machine facility or
19 casino under section 1003, subsection 3, paragraph I or who voluntarily request to be
20 prohibited from placing a wager with an online sports pool under section 1083,
21 subsection 9 are confidential except that information may be released with the written
22 consent of the person requesting voluntary exclusion and as is necessary to inform the
23 slot machine facility ~~or~~, casino licensee or online sports pool operator and enforce the
24 voluntary exclusion. Statistical data and general information that do not allow for a
25 person on the voluntary exclusion list to be personally identified are not confidential.

26 **Sec. 15. 8 MRSA §1015**, as amended by PL 2013, c. 212, §§13 and 14, is further
27 amended to read:

28 **§1015. Licensing of employees of slot machine, casino and online sports pool**
29 **operators, slot machine and table game distributors and gambling services**
30 **vendors**

31 **1. License required.** A person may not be employed by a slot machine operator,
32 casino operator, online sports pool operator, slot machine distributor, table game
33 distributor or gambling services vendor unless the person is licensed to do so by the
34 board, temporarily authorized as an employee pursuant to subsection 4 or granted a
35 waiver by the board pursuant to subsection 3.

36 **2. Requirements for license.** The board may issue an employee license to an
37 employee of a slot machine operator, casino operator, online sports pool operator, slot
38 machine distributor, table game distributor or gambling services vendor if the applicant
39 meets the qualifications set out in sections 1016 and 1019.

1 **3. Requirements for waiver.** Upon application by a slot machine operator, casino
2 operator, online sports pool operator, slot machine distributor, table game distributor or
3 gambling services vendor, the board may waive the employee license requirement under
4 this section if the slot machine operator, casino operator, online sports pool operator, slot
5 machine distributor, table game distributor or gambling services vendor demonstrates to
6 the board's satisfaction that the public interest is not served by the requirement of the
7 employee license.

8 **4. Employees authorized temporarily.** A new employee of a slot machine
9 operator, casino operator, online sports pool operator, slot machine distributor, table
10 game distributor or gambling services vendor is temporarily authorized to work in a
11 position requiring an employee license pursuant to subsection 1 as of the date a
12 completed employee license application is received by the board. A completed employee
13 license application is composed of:

- 14 A. The completed form for application for an employee license approved by the
15 board;
- 16 B. Two complete sets of the fingerprints of the applicant;
- 17 C. The fee for processing the employee license application as prescribed by the
18 board; and
- 19 D. The results of the background investigation conducted by the employer.

20 If the department determines after receiving an employee license application under this
21 subsection that the application is incomplete, it may suspend the new employee's
22 temporary authorization until such time as the new employee files a completed
23 application.

24 Temporary authorization is not available for renewal of employee licenses.

25 **5. Termination of temporary authorization.** Unless suspended or revoked, a
26 temporary authorization under subsection 4 continues until the granting or denial of the
27 new employee's employee license application in accordance with sections 1016, 1017 and
28 1019 and any applicable rules adopted by the board. An applicant whose temporary
29 authorization is suspended or revoked is not eligible for employment in a position
30 requiring an employee license pursuant to subsection 1 until such time as the suspension
31 or revocation is withdrawn or an employee license is issued.

32 **Sec. 16. 8 MRSA §1016, sub-§1**, as amended by PL 2013, c. 212, §§15 to 18, is
33 further amended to read:

34 **1. Minimum qualifications.** Notwithstanding Title 5, chapter 341, and in addition
35 to any requirements imposed by rules adopted by the board, a person or a federally
36 recognized Indian tribe must satisfy the following qualifications to be a slot machine
37 operator, a casino operator, an online sports pool operator, an online sports pool vendor, a
38 slot machine distributor, a table game distributor, a gambling services vendor or an
39 employee of these entities:

1 A. The person or the federally recognized Indian tribe has completed the application
2 form, promptly and truthfully complied with all information requests of the board and
3 complied with any applicable rules adopted by the board;

4 B. The person or the federally recognized Indian tribe has sufficient financial assets
5 and responsibility to meet any financial obligations imposed by this chapter and, if
6 applying for a slot machine operator license, casino operator license, slot machine
7 operator license renewal or casino operator license renewal, has sufficient financial
8 assets and responsibility to continue operation of a commercial track or casino;

9 C. The person or the federally recognized Indian tribe has not knowingly or
10 recklessly made a false statement of material fact in applying for a license under this
11 chapter or any gambling-related license in any other jurisdiction;

12 D. In the case of a person applying to be a slot machine operator or casino operator,
13 the person has sufficient knowledge and experience in the business of operating slot
14 machines or casinos to effectively operate the slot machine facilities or casino to
15 which the license application relates in accordance with this chapter and the rules and
16 standards adopted under this chapter; ~~and~~

17 D-1. In the case of a person or a federally recognized Indian tribe applying to be an
18 online sports pool vendor or an online sports pool operator, the person or the
19 federally recognized Indian tribe has sufficient knowledge and experience in the
20 business of operating sports pools to effectively operate the sports pool in accordance
21 with this chapter and the rules and standards adopted under this chapter; and

22 F. If the applicant is a business organization, the applicant is organized in this State,
23 although that business organization may be a wholly or partially owned subsidiary of
24 an entity that is organized pursuant to the laws of another state or a foreign country.

25 Except as provided by section 1013, subsection 3 and section 1013-A, subsection 3, a
26 person may not hold more than one class of license under this chapter unless the 2nd
27 license is an employee license under section 1015.

28 **Sec. 17. 8 MRSA §1041, sub-§2**, as amended by IB 2009, c. 2, §48, is further
29 amended to read:

30 **2. Location.** A slot machine operator ~~or~~, casino operator or online sports pool
31 operator shall maintain all records required by this chapter or by rules adopted under this
32 chapter at the operator's primary business office within this State or on the premises
33 where the slot machine or table game is operated or at a location specified by the board
34 by rule for the maintenance of records of an online sports pool operator. A slot machine
35 distributor or table game distributor shall maintain these records at the distributor's
36 primary business office within this State. The primary business office must be designated
37 by the license holder in the license application. All records must be open to inspection
38 and audit by the board or its designee and a license holder may not refuse the board or its
39 designee the right to inspect or audit the records. Refusal to permit inspection or audit of
40 the records constitutes grounds for revocation or suspension of the license or registration.

41 **Sec. 18. 8 MRSA §1042**, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by
42 Pt. B, §11, is amended to read:

1 **§1042. Access to premises, equipment and records**

2 **1. Inspection.** A person or a federally recognized Indian tribe holding a license or
3 registration under this chapter shall permit the board, the department or a designee of the
4 board or the department unrestricted access, during regular business hours, including
5 access to locked or secured areas, to inspect any gambling facility and any equipment,
6 prizes, records or items and materials used or to be used in the operation of any slot
7 machine or online sports pool or associated equipment owned, distributed or operated by
8 that person or that federally recognized Indian tribe. A person or a federally recognized
9 Indian tribe holding a license or registration under this chapter shall consent in writing to
10 the examination of all the licensee's books and records related to operations licensed
11 under this chapter and shall authorize all 3rd parties in possession or in control of those
12 books and records to allow the board or the board's designee to examine such books and
13 records as the board determines necessary.

14 **2. Monitoring.** The board or the department shall monitor the use, operation,
15 distribution and servicing of slot machines and equipment or devices used to operate an
16 online sports pool through on-site observation and other means at any time during the
17 operation of any license for the purpose of certifying the revenue thereof, receiving
18 complaints from the public relating to the conduct of licensees, examining records of
19 revenues and procedures, enforcing the provisions of this chapter and the rules adopted
20 pursuant to this chapter and conducting periodic reviews of licenses for the purpose of
21 evaluating current or suggested provisions of this chapter and the rules adopted pursuant
22 to this chapter.

23 **Sec. 19. 8 MRSA §1054, sub-§§8 and 9,** as enacted by PL 2003, c. 687, Pt. A,
24 §5 and affected by Pt. B, §11, are amended to read:

25 **8. Failure to deposit funds.** Violates section 1036, subsection 2; ~~or~~

26 **9. Failure to grant access to premises, equipment and records.** Violates section
27 1042-;

28 **Sec. 20. 8 MRSA §1054, sub-§§10 and 11** are enacted to read:

29 **10. Operation of sports pool without a license.** Violates section 1081, subsection
30 1; or

31 **11. Underage sports pool wagering.** Violates section 1082, subsection 1.

32 **Sec. 21. 8 MRSA §1066,** as enacted by PL 2013, c. 255, §2, is amended to read:

33 **§1066. Interception of slot machine, table game and online sports pool winnings to**
34 **pay child support debt**

35 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
36 following terms have the following meanings.

37 A. "Child support debt" means child support debt that has been liquidated by judicial
38 or administrative action.

- 1 B. "Department" means the Department of Health and Human Services.
- 2 C. "Registry operator" means the department or an entity with whom the department
3 enters into a contract to maintain the registry pursuant to subsection 3.
- 4 D. "Winner" means a slot machine customer ~~or~~, a table game customer or an online
5 sports pool customer to whom cash is returned as winnings.
- 6 **2. Interception.** A licensee shall intercept slot machine ~~and~~, table game and online
7 sports pool winnings to pay child support debt in accordance with this section.
- 8 **3. Registry.** The department shall create and maintain, or shall contract with a
9 private entity to create and maintain, a secure, electronically accessible registry
10 containing information regarding individuals with outstanding child support debt. The
11 department shall regularly enter into the registry information including:
- 12 A. The name and social security number of each individual with outstanding child
13 support debt;
- 14 B. The account number or identifier assigned by the department to the outstanding
15 child support debt;
- 16 C. The amount of the outstanding child support debt; and
- 17 D. Any other information necessary to effectuate the purposes of this section.
- 18 **4. Electronic access to information; procedures.** A licensee shall electronically
19 access the registry in accordance with this subsection.
- 20 A. Before making a payout of winnings of an amount equal to or greater than the
21 amount for which the licensee is required to file a Form W-2G or substantially
22 equivalent form with the United States Internal Revenue Service, the licensee shall
23 obtain the name, address, date of birth and social security number of the winner and
24 shall electronically submit this information to the registry operator.
- 25 B. Upon receipt of information pursuant to paragraph A, the registry operator shall
26 electronically inform the licensee whether the winner is listed in the registry. If the
27 winner is listed in the registry, the registry operator shall inform the licensee of the
28 amount of the winner's outstanding child support debt and the account number or
29 identifier assigned to the outstanding child support debt and shall provide the licensee
30 with a notice of withholding that informs the winner of the right to an administrative
31 hearing.
- 32 C. If the registry operator informs the licensee that the winner is not listed in the
33 registry or if the licensee is unable to obtain information from the registry operator on
34 a real-time basis after attempting in good faith to do so, the licensee may make
35 payment to the winner.
- 36 D. If the registry operator informs the licensee that the winner is listed in the
37 registry, the licensee may not make payment to the winner unless the amount of the
38 payout exceeds the amount of outstanding child support debt, in which case the
39 licensee may make payment to the winner of the amount of winnings that is in excess
40 of the amount of the winner's outstanding child support debt.

1 **5. Lien against winnings.** If the registry operator informs a licensee pursuant to this
2 section that a winner is listed in the registry, the department has a valid lien upon and
3 claim of lien against the winnings in the amount of the winner's outstanding child support
4 debt.

5 **6. Withholding of winnings.** The licensee shall withhold from any winnings an
6 amount equal to the amount of the lien created under subsection 5 and shall provide a
7 notice of withholding to the winner. Within 7 days after withholding an amount pursuant
8 to this subsection, the licensee shall transmit the amount withheld to the department
9 together with a report of the name, address and social security number of the winner, the
10 account number or identifier assigned to the debt, the amount withheld, the date of
11 withholding and the name and location of the licensee.

12 **7. Licensee costs.** Notwithstanding subsection 6, the licensee may retain \$10 from
13 an amount withheld pursuant to this section to cover the cost of the licensee's compliance
14 with this section.

15 **8. Administrative hearing.** A winner from whom an amount was withheld pursuant
16 to this section has the right, within 15 days of receipt of the notice of withholding, to
17 request from the department an administrative hearing. The hearing is limited to
18 questions of whether the debt is liquidated and whether any postliquidation events have
19 affected the winner's liability. The administrative hearing decision constitutes final
20 agency action.

21 **9. Authorization to provide information.** Notwithstanding any other provision of
22 law to the contrary, the licensee may provide to the department or registry operator any
23 information necessary to effectuate the intent of this section. The department or registry
24 operator may provide to the licensee any information necessary to effectuate the intent of
25 this section.

26 **10. Confidentiality of information.** The information obtained by the department or
27 registry operator from a licensee pursuant to this section and the information obtained by
28 the licensee from the department or registry operator pursuant to this section are
29 confidential and may be used only for the purposes set forth in this section. An employee
30 or prior employee of the department, the registry operator or a licensee who knowingly or
31 intentionally discloses any such information commits a civil violation for which a fine not
32 to exceed \$1,000 may be adjudged.

33 **11. Effect of compliance; noncompliance.** A licensee, the department and the
34 registry operator are not liable for any action taken in good faith to comply with this
35 section. A licensee who fails to make a good faith effort to obtain information from the
36 registry operator or who fails to withhold and transmit the amount of the lien created
37 under subsection 5 is liable to the department for the greater of \$500 and the amount the
38 person was required to withhold and transmit to the department under this section,
39 together with costs, interest and reasonable attorney's fees.

40 **12. Biennial review.** The department shall report to the Legislature and the
41 Governor on or before January 31, 2015 and biennially thereafter on:

- 1 A. The number of names of winners submitted by licensees to the registry operator
2 pursuant to this section in each of the preceding 2 calendar years;
- 3 B. The number of winners who were found to be listed in the registry in each of the
4 preceding 2 calendar years;
- 5 C. The amount of winnings withheld by licensees pursuant to this section in each of
6 the preceding 2 calendar years; and
- 7 D. The amount of withheld winnings refunded to winners as the result of
8 administrative hearings requested pursuant to this section in each of the preceding 2
9 calendar years.

10 **Sec. 22. 8 MRSA c. 31, sub-c. 8** is enacted to read:

11 **SUBCHAPTER 8**

12 **ONLINE SPORTS POOL OPERATION; ALLOCATION OF FUNDS**

13 **§1081. License to operate sports pools; employee licensing**

14 **1. License required.** Except as provided in this section, a person may not operate a
15 sports pool, including an online sports pool, in the State.

16 **2. Online sports pool operator license.** The board may issue a license to operate an
17 online sports pool to a federally recognized Indian tribe that demonstrates compliance
18 with the qualifications set forth in sections 1016 and 1019 and the criteria adopted by the
19 board through rulemaking. A license issued under this subsection is not transferable or
20 assignable, except that a federally recognized Indian tribe licensed under this subsection
21 may authorize an online sports pool vendor to operate the online sports pool on behalf of
22 the tribe through a written contract that has been approved by the board.

23 **3. Online sports pool vendor license.** The board may issue a license to provide
24 online sports pool services to a person that seeks to enter into a contract with a federally
25 recognized Indian tribe to be an online sports pool vendor and that demonstrates
26 compliance with the qualifications set forth in sections 1016 and 1019 and the criteria
27 adopted by the board through rulemaking. A license under this subsection is not
28 transferable or assignable.

29 **4. Application.** The application for a license under subsection 2 or 3 must be on a
30 form provided by the board and must comply with section 1017.

31 **5. Fees.** The fees for licenses under this section are as follows.

32 **A.** The initial application fee for a license under subsection 2 is \$100,000. The
33 annual renewal fee for a license under subsection 2 is \$50,000.

34 **B.** The initial application fee for a license under subsection 3 is \$2,000. The annual
35 renewal fee for a license under subsection 3 is \$2,000.

1 **6. Term of license; renewal.** A license issued by the board under subsection 2 or 3
2 is effective for one year, unless revoked or surrendered pursuant to subchapter 5. Upon
3 proper application and payment of the required fee and in accordance with rules adopted
4 by the board, the board may renew a license.

5 **7. Licensing of employees.** Employees of a federally recognized Indian tribe
6 licensed under subsection 2 and of a person licensed under subsection 3 must be licensed
7 according to section 1015.

8 **8. Rulemaking.** The board shall adopt rules to implement this section. Rules
9 initially adopted as required by this section are major substantive rules as described in
10 Title 5, chapter 375, subchapter 2-A. Rules adopted after the first year of operation of an
11 online sports pool conducted by an online sports pool operator are routine technical rules
12 as described in Title 5, chapter 375, subchapter 2-A.

13 **§1082. Persons prohibited from making online sports pool wagers**

14 An online sports pool operator may not accept a wager from or pay winnings from a
15 sports pool wager to the following persons:

16 **1. Persons under 21 years of age.** A person who has not attained 21 years of age;

17 **2. Operators and employees.** The online sports pool operator or a director, officer
18 or employee of the online sports pool operator or a relative living in the same household
19 as any of those persons;

20 **3. Sports event participants.** A person who participates in the sports event,
21 including as an athlete, a coach, a referee or an umpire;

22 **4. Sports event interested parties.** If the wager involves a sports event that is
23 overseen by a sports governing body or a league:

24 A. A person who is associated with the sports governing body or the league or any of
25 the body's or league's member teams as an athlete, a coach, a referee, an umpire, a
26 league official or a director;

27 B. The sports governing body or the league or any of the body's or league's member
28 teams;

29 C. An employee of the sports governing body or the league or any of the body's or
30 league's member teams; or

31 D. The owner of any legal or beneficial interest in the sports governing body or the
32 league or any of the body's or the league's member teams;

33 **5. Persons with confidential information.** A person with confidential information
34 that could affect the outcome of the sports event upon which the wager is made. As used
35 in this subsection, "confidential information" means information related to the sports
36 event obtained as a result of or by virtue of a person's employment;

1 **6. Prohibited persons.** A person on a list established by the board under section
2 1083, subsection 9 of persons who voluntarily request to be prohibited from placing
3 wagers with an online sports pool;

4 **7. Unidentified persons.** A person whose identity has not been verified by the
5 online sports pool operator; and

6 **8. Third parties.** A person making a wager on behalf of or as the agent or custodian
7 of another person.

8 **§1083. Online sports pool operation; rulemaking**

9 The board shall adopt rules relating to the conduct of online sports pools, including
10 but not limited to rules governing the following:

11 **1. Fraud or deception.** The prevention of any fraud or deception upon a person
12 placing a wager with an online sports pool;

13 **2. Comprehensive house rules; approval.** Comprehensive house rules to be
14 adopted by an online sports pool operator governing sports wagering transactions that
15 specify the amounts to be paid on winning wagers and the effect of sports event schedule
16 changes and that identify the maximum wager amount, prohibited sports events and
17 persons prohibited from making wagers with the online sports pool under section 1082.
18 The rules must, at a minimum, require an online sports pool operator to submit the house
19 rules to the board for approval prior to commencing operations and to conspicuously
20 display the house rules on any publicly accessible website or mobile application through
21 which the operator conducts an online sports pool;

22 **3. Conduct of online sports pool.** The methods of operation of online sports pools,
23 including but not limited to the number of publicly accessible websites and mobile
24 applications a single online sports pool operator may employ, the types of wagers
25 permitted, the maximum wager that may be accepted from any one person on a single
26 sports event, ensuring that wagers are not accepted on prohibited sports events and
27 informing customers of state and federal tax obligations on certain winnings;

28 **4. Servers and other equipment.** Requirements for servers and other equipment
29 used to operate the online sports pool. The rules must, at a minimum, require that the
30 servers or other equipment used by the online sports pool operator meet minimum
31 security standards and be located in the State;

32 **5. Identification of customers.** Required methods for verifying the identity and age
33 of a person who places a wager with the online sports pool and for verifying that the
34 person making a wager is not prohibited from making a wager under section 1082. The
35 rules must, at a minimum, require that an online sports pool operator that discovers that a
36 person prohibited from making a wager under section 1082 has made a wager shall
37 immediately refund the wager and any entry fee made by the person;

38 **6. Location of transaction.** Prohibiting the acceptance of any wager by an online
39 sports pool operator unless the online sports pool operator verifies that the wager is
40 initiated, received and otherwise made in this State and does not constitute unlawful

1 Internet gambling as defined in the federal Unlawful Internet Gambling Enforcement Act
2 of 2006, 31 United States Code, Section 5362(10);

3 **7. Fiscal controls, records and reports to the board.** Minimum procedures for the
4 exercise of effective fiscal control of the online sports pool, including provisions for the
5 safeguarding of assets and revenues, the recording of cash and evidence of indebtedness
6 and the maintenance of reliable records, accounts and reports of transactions, operations
7 and events, including reports to the board;

8 **8. Audits.** Procedures for the annual audit of the books and records of online sports
9 pool operators; and

10 **9. List of prohibited persons.** Establishment of a list of persons who voluntarily
11 request that their names be included on a list of persons prohibited from placing a wager
12 with an online sports pool.

13 Rules initially adopted as required by this section are major substantive rules as
14 described in Title 5, chapter 375, subchapter 2-A. Rules adopted after the first year of
15 operation of an online sports pool conducted by an online sports pool operator are routine
16 technical rules as described in Title 5, chapter 375, subchapter 2-A.

17 **§1084. Online sports pool vendor; rulemaking**

18 The board shall adopt rules governing online sports pool vendors, including but not
19 limited to rules governing the following:

20 **1. License required prior to contract.** Prohibiting a person from entering into a
21 contract to operate an online sports pool on behalf of a federally recognized Indian tribe
22 licensed under section 1081, subsection 2 unless the person has previously obtained an
23 online sports pool vendor license under section 1081, subsection 3; and

24 **2. Contract requirements.** Minimum requirements for the contract between an
25 online sports pool vendor licensed under section 1081, subsection 3 and a federally
26 recognized Indian tribe licensed under section 1081, subsection 2 on whose behalf the
27 online sports pool vendor operates an online sports pool, including but not limited to a
28 requirement that the contract be approved by the board prior to operation of the online
29 sports pool.

30 Rules initially adopted as required by this section are major substantive rules as
31 described in Title 5, chapter 375, subchapter 2-A. Rules adopted after the first year of
32 operation of an online sports pool conducted by an online sports pool operator are routine
33 technical rules as described in Title 5, chapter 375, subchapter 2-A.

34 **§1085. Allocation of online sports pool income**

35 **1. Distribution of online sports pool income.** An online sports pool operator shall
36 collect and distribute 11% of net online sports pool income from the online sports pool
37 operated by or on behalf of the online sports pool operator to the board for distribution by
38 the board as follows:

1 A. One percent of net online sports pool income must be forwarded by the board to
2 the Treasurer of State for deposit in the General Fund for the administrative expenses
3 of the board; and

4 B. Ten percent of net online sports pool income must be forwarded by the board to
5 the Treasurer of State, who shall credit the money to the Department of Education to
6 be used for essential programs and services for kindergarten to grade 12 under Title
7 20-A, chapter 606-B.

8 **2. Failure to deposit funds.** An online sports pool operator that knowingly or
9 intentionally fails to comply with this section commits a Class C crime. In addition to
10 any other sanction available by law, the online sports pool operator's license or online
11 sports pool vendor's license may be revoked by the board, the online sports pool operated
12 by that online sports pool operator may be disabled and the online sports pool's proceeds
13 and associated equipment may be confiscated by the board and are subject to forfeiture
14 under Title 17-A, section 959 or 960.

15 **3. Late payments.** The board may adopt rules establishing the dates on which
16 payments required by this section are due. All payments not remitted when due must be
17 paid together with interest on the unpaid balance at a rate of 1.5% per month.

18 **§1086. Applicability of other laws**

19 Unless expressly provided in this chapter, the provisions of Title 17, chapter 62 and
20 Title 17-A, chapter 39 do not apply to the conduct of online sports pools operated in
21 accordance with this chapter and the rules adopted pursuant to this subchapter.

22 **SUMMARY**

23 This bill authorizes the Department of Public Safety, Gambling Control Board to
24 issue licenses to federally recognized Indian tribes to operate online sports pools. A tribe
25 that is licensed by the board may enter into a written contract, approved by the board,
26 with a licensed online sports pool vendor to operate the online sports pool on behalf of
27 the tribe. Under the bill, an online sports pool is described as a device or system
28 established for the acceptance of wagers on a sports event by any system or method of
29 wagering in which the wagers are made via electronic device and transmitted by any
30 means that involves the use, at least in part, of the Internet.

31 Online sports pool operators may accept wagers on all professional or amateur sports
32 events except high school sports events or other events in which a majority of the
33 participants are minors. Online sports pool operators may not accept wagers from
34 persons whose identity they cannot verify; persons under 21 years of age; the director,
35 officers and employees of the online sports pool operator and relatives living in the same
36 household as those persons; athletes, coaches, referees and umpires participating in the
37 sports event; other interested persons if the sports event upon which the wager is placed is
38 overseen by the person's league or sports governing body; persons with confidential
39 information that could affect the outcome of the sports event; persons who voluntarily
40 request to be prohibited from making online sports wagers; and persons who make
41 wagers on behalf of another person.

1 The bill requires the board to adopt rules regulating the operation of online sports
2 pools, including rules restricting the types of wagers permitted, establishing the
3 maximum wagers that may be accepted from any one person on a single sports event,
4 imposing requirements for servers and other equipment used to operate the online sports
5 pool, establishing methods for verifying the identity and age of persons placing wagers
6 online and prohibiting the acceptance of wagers from outside the State as required by
7 federal law.

8 The bill further requires that 1% of net online sports pool income be used for
9 administrative expenses of the board and that 10% of net online sports pool income be
10 distributed to the Treasurer of State to be credited to the Department of Education for
11 essential programs and services for kindergarten to grade 12.

12 Finally, the bill provides that the laws governing unlawful gambling and games of
13 chance do not apply to online sports pool operators that comply with the laws governing
14 online sports pools.