

MAINE STATE LEGISLATURE

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129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 1348

H.P. 976

House of Representatives, March 21, 2019

An Act To Authorize Sports Wagering

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

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative EVANGELOS of Friendship.
Cosponsored by Senator DOW of Lincoln and
Representatives: BRYANT of Windham, HARNETT of Gardiner, MAREAN of Hollis,
MARTIN of Sinclair, PEBWORTH of Blue Hill, RISEMAN of Harrison, VEROW of Brewer,
Senator: MIRAMANT of Knox.

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, sports wagering, high-stakes beano, beano, games of chance or
6 slot machine or table game operation.

7 **Sec. 2. 8 MRSA §1001, sub-§17**, as amended by IB 2009, c. 2, §6, is further
8 amended to read:

9 **17. Gambling services.** "Gambling services" means any goods or services provided
10 to an operator licensed under this chapter or at a gambling facility that are used directly in
11 connection with the operation of a slot machine ~~or~~ a table game or sports wagering,
12 including, but not limited to, maintenance, security services or junket services, and
13 excluding slot machine or table game distribution by a slot machine distributor or table
14 game distributor.

15 **Sec. 3. 8 MRSA §1001, sub-§29-D** is enacted to read:

16 **29-D. Net sports wagering income.** "Net sports wagering income" means the
17 amount of sports wagers after payment of money from winning wagers to winning
18 bettors.

19 **Sec. 4. 8 MRSA §1001, sub-§§30-A and 30-B** are enacted to read:

20 **30-A. Online sports wagering.** "Online sports wagering" means a sports wagering
21 operation in which wagers on sports events are made via electronic device and
22 transmitted to a sports wagering lounge by any means that involves the use, at least in
23 part, of the Internet.

24 **30-B. Online sports wagering operator.** "Online sports wagering operator" means
25 a person or a federally recognized Indian tribe licensed under section 1081 that operates
26 online sports wagering.

27 **Sec. 5. 8 MRSA §1001, sub-§35-A** is enacted to read:

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

31 **Sec. 6. 8 MRSA §1001, sub-§§42-A to 42-D** are enacted to read:

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

35 **42-B. Sports wagering.** "Sports wagering" means a device or system established for
36 the acceptance of wagers on a sports event by any system or method of wagering.

1 including but not limited to online sports wagering, except that "sports wagering" does
2 not include pari-mutuel betting authorized under chapter 11, advance deposit wagering or
3 a fantasy contest as defined in section 1101, subsection 4.

4 **42-C. Sports wagering operator.** "Sports wagering operator" means a person or a
5 federally recognized Indian tribe that is licensed under section 1081 to operate sports
6 wagering or online sports wagering.

7 **42-D. Sports wagering lounge.** "Sports wagering lounge" means the physical
8 location where a person may place a sports wager other than an online sports wager.

9 **Sec. 7. 8 MRSA §1003, sub-§1, ¶K,** as amended by PL 2015, c. 499, §4, is
10 further amended to read:

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

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

18 L. Regulate, supervise and exercise general control over the operation of advance
19 deposit wagering in the State; ~~and~~

20 **Sec. 9. 8 MRSA §1003, sub-§1, ¶M** is enacted to read:

21 M. Regulate, supervise and exercise general control over the operation of sports
22 wagering in the State.

23 **Sec. 10. 8 MRSA §1003, sub-§2, ¶H,** as amended by PL 2013, c. 212, §8, is
24 further amended to read:

25 H. Pursuant to subchapter 5, cause the department to investigate all complaints made
26 to the board regarding ownership, distribution or operation of slot machines ~~or~~ table
27 games or sports wagering and all violations of this chapter or rules adopted under this
28 chapter;

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

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

33 **Sec. 12. 8 MRSA §1003, sub-§2, ¶Q,** as amended by IB 2009, c. 2, §20, is
34 further amended to read:

35 Q. Certify monthly to the department a full and complete statement of all slot
36 machine ~~and~~ table game and sports wagering revenue, credits disbursed by licensees,
37 administrative expenses and the allocation of slot machine ~~and~~ table game and sports
38 wagering income for the preceding month;

1 **Sec. 13. 8 MRSA §1003, sub-§2, ¶R**, as amended by IB 2009, c. 2, §21, is
2 further amended to read:

3 R. Submit by March 15th an annual report to the Governor and the joint standing
4 committee of the Legislature having jurisdiction over gambling affairs on slot
5 machine ~~and~~ table game and sports wagering revenue, credits disbursed by slot
6 machine operators ~~and~~ table game operators and sports wagering operators,
7 administrative expenses and the allocation of slot machine ~~and~~ table game and sports
8 wagering income for the preceding year;

9 **Sec. 14. 8 MRSA §1005, sub-§1, ¶¶A and B**, as amended by IB 2009, c. 2, §27,
10 are further amended to read:

11 A. Without notice, and at any time during regular hours of operation, enter the
12 offices, facilities or other places of business of slot machine operators, casino
13 operators, sports wagering operators, slot machine distributors, table game
14 distributors and gambling services vendors to conduct administrative inspections to
15 determine compliance with this chapter and rules adopted under this chapter; and

16 B. Request the director to disable any slot machine ~~or~~ table game or sports wagering
17 operation if the department has a reasonable and articulable suspicion that the slot
18 machine ~~or~~ table game or sports wagering operation is being operated in violation of
19 this chapter or of any rule adopted under this chapter.

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

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

33 **Sec. 16. 8 MRSA §1015**, as amended by PL 2013, c. 212, §§13 and 14, is further
34 amended to read:

35 **§1015. Licensing of employees of slot machine, casino and sports wagering**
36 **operators, slot machine and table game distributors and gambling services**
37 **vendors**

38 **1. License required.** A person may not be employed by a slot machine operator,
39 casino operator, sports wagering operator, slot machine distributor, table game distributor
40 or gambling services vendor unless the person is licensed to do so by the board,

1 temporarily authorized as an employee pursuant to subsection 4 or granted a waiver by
2 the board pursuant to subsection 3.

3 **2. Requirements for license.** The board may issue an employee license to an
4 employee of a slot machine operator, casino operator, sports wagering operator, slot
5 machine distributor, table game distributor or gambling services vendor if the applicant
6 meets the qualifications set out in sections 1016 and 1019.

7 **3. Requirements for waiver.** Upon application by a slot machine operator, casino
8 operator, sports wagering operator, slot machine distributor, table game distributor or
9 gambling services vendor, the board may waive the employee license requirement under
10 this section if the slot machine operator, casino operator, sports wagering operator, slot
11 machine distributor, table game distributor or gambling services vendor demonstrates to
12 the board's satisfaction that the public interest is not served by the requirement of the
13 employee license.

14 **4. Employees authorized temporarily.** A new employee of a slot machine
15 operator, casino operator, sports wagering operator, slot machine distributor, table game
16 distributor or gambling services vendor is temporarily authorized to work in a position
17 requiring an employee license pursuant to subsection 1 as of the date a completed
18 employee license application is received by the board. A completed employee license
19 application is composed of:

- 20 A. The completed form for application for an employee license approved by the
21 board;
- 22 B. Two complete sets of the fingerprints of the applicant;
- 23 C. The fee for processing the employee license application as prescribed by the
24 board; and
- 25 D. The results of the background investigation conducted by the employer.

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

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

31 **5. Termination of temporary authorization.** Unless suspended or revoked, a
32 temporary authorization under subsection 4 continues until the granting or denial of the
33 new employee's employee license application in accordance with sections 1016, 1017 and
34 1019 and any applicable rules adopted by the board. An applicant whose temporary
35 authorization is suspended or revoked is not eligible for employment in a position
36 requiring an employee license pursuant to subsection 1 until such time as the suspension
37 or revocation is withdrawn or an employee license is issued.

38 **Sec. 17. 8 MRSA §1016, sub-§1**, as amended by PL 2013, c. 212, §§15 to 18, is
39 further amended to read:

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

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

9 B. The person or the federally recognized Indian tribe has sufficient financial assets
10 and responsibility to meet any financial obligations imposed by this chapter and, if
11 applying for a slot machine operator license, casino operator license, sports wagering
12 operator license, slot machine operator license renewal ~~or~~, casino operator license
13 renewal or sports wagering operator license renewal, has sufficient financial assets
14 and responsibility to continue operation of a commercial track ~~or~~, casino or off-track
15 betting facility as required by this chapter;

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

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

24 D-1. In the case of a person or a federally recognized Indian tribe applying to be a
25 sports wagering operator, the person or the federally recognized Indian tribe has
26 sufficient knowledge and experience in the business of operating sports wagering to
27 effectively conduct sports wagering in accordance with this chapter and the rules and
28 standards adopted under this chapter; and

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

32 Except as provided by section 1013, subsection 3 ~~and~~, section 1013-A, subsection 3 and
33 section 1081, subsection 2, a person or a federally recognized Indian tribe may not hold
34 more than one class of license under this chapter unless the 2nd license is an employee
35 license under section 1015.

36 **Sec. 18. 8 MRSA §1041, sub-§2**, as amended by IB 2009, c. 2, §48, is further
37 amended to read:

38 **2. Location.** A slot machine operator ~~or~~, casino operator or sports wagering operator
39 shall maintain all records required by this chapter or by rules adopted under this chapter
40 at the operator's primary business office within this State or on the premises where the
41 slot machine or table game is operated or where the sports wagering lounge is located. A
42 federally recognized Indian tribe licensed under section 1081, subsection 3 to conduct
43 online sports wagering shall maintain these records at a location specified by the board by

1 rule. A slot machine distributor or table game distributor shall maintain these records at
2 the distributor's primary business office within this State. The primary business office
3 must be designated by the license holder in the license application. All records must be
4 open to inspection and audit by the board or its designee and a license holder may not
5 refuse the board or its designee the right to inspect or audit the records. Refusal to permit
6 inspection or audit of the records constitutes grounds for revocation or suspension of the
7 license or registration.

8 **Sec. 19. 8 MRSA §1042**, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by
9 Pt. B, §11, is amended to read:

10 **§1042. Access to premises, equipment and records**

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

23 **2. Monitoring.** The board or the department shall monitor the use, operation,
24 distribution and servicing of slot machines and equipment or devices used to operate
25 sports wagering through on-site observation and other means at any time during the
26 operation of any license for the purpose of certifying the revenue thereof, receiving
27 complaints from the public relating to the conduct of licensees, examining records of
28 revenues and procedures, enforcing the provisions of this chapter and the rules adopted
29 pursuant to this chapter and conducting periodic reviews of licenses for the purpose of
30 evaluating current or suggested provisions of this chapter and the rules adopted pursuant
31 to this chapter.

32 **Sec. 20. 8 MRSA §1054, sub-§§8 and 9**, as enacted by PL 2003, c. 687, Pt. A,
33 §5 and affected by Pt. B, §11, are amended to read:

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

35 **9. Failure to grant access to premises, equipment and records.** Violates section
36 1042-;

37 **Sec. 21. 8 MRSA §1054, sub-§§10 and 11** are enacted to read:

38 **10. Operation of sports wagering without a license.** Violates section 1081,
39 subsection 1; or

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

2 **Sec. 22. 8 MRSA §1066**, as enacted by PL 2013, c. 255, §2, is amended to read:

3 **§1066. Interception of slot machine, table game and sports wagering winnings to**
4 **pay child support debt**

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

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

9 B. "Department" means the Department of Health and Human Services.

10 C. "Registry operator" means the department or an entity with whom the department
11 enters into a contract to maintain the registry pursuant to subsection 3.

12 D. "Winner" means a slot machine customer ~~or~~, a table game customer or a sports
13 wagering customer to whom cash is returned as winnings.

14 **2. Interception.** A licensee shall intercept slot machine ~~and~~, table game and sports
15 wagering winnings to pay child support debt in accordance with this section.

16 **3. Registry.** The department shall create and maintain, or shall contract with a
17 private entity to create and maintain, a secure, electronically accessible registry
18 containing information regarding individuals with outstanding child support debt. The
19 department shall regularly enter into the registry information including:

20 A. The name and social security number of each individual with outstanding child
21 support debt;

22 B. The account number or identifier assigned by the department to the outstanding
23 child support debt;

24 C. The amount of the outstanding child support debt; and

25 D. Any other information necessary to effectuate the purposes of this section.

26 **4. Electronic access to information; procedures.** A licensee shall electronically
27 access the registry in accordance with this subsection.

28 A. Before making a payout of winnings of an amount equal to or greater than the
29 amount for which the licensee is required to file a Form W-2G or substantially
30 equivalent form with the United States Internal Revenue Service, the licensee shall
31 obtain the name, address, date of birth and social security number of the winner and
32 shall electronically submit this information to the registry operator.

33 B. Upon receipt of information pursuant to paragraph A, the registry operator shall
34 electronically inform the licensee whether the winner is listed in the registry. If the
35 winner is listed in the registry, the registry operator shall inform the licensee of the
36 amount of the winner's outstanding child support debt and the account number or
37 identifier assigned to the outstanding child support debt and shall provide the licensee

1 with a notice of withholding that informs the winner of the right to an administrative
2 hearing.

3 C. If the registry operator informs the licensee that the winner is not listed in the
4 registry or if the licensee is unable to obtain information from the registry operator on
5 a real-time basis after attempting in good faith to do so, the licensee may make
6 payment to the winner.

7 D. If the registry operator informs the licensee that the winner is listed in the
8 registry, the licensee may not make payment to the winner unless the amount of the
9 payout exceeds the amount of outstanding child support debt, in which case the
10 licensee may make payment to the winner of the amount of winnings that is in excess
11 of the amount of the winner's outstanding child support debt.

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

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

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

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

32 **9. Authorization to provide information.** Notwithstanding any other provision of
33 law to the contrary, the licensee may provide to the department or registry operator any
34 information necessary to effectuate the intent of this section. The department or registry
35 operator may provide to the licensee any information necessary to effectuate the intent of
36 this section.

37 **10. Confidentiality of information.** The information obtained by the department or
38 registry operator from a licensee pursuant to this section and the information obtained by
39 the licensee from the department or registry operator pursuant to this section are
40 confidential and may be used only for the purposes set forth in this section. An employee
41 or prior employee of the department, the registry operator or a licensee who knowingly or

1 intentionally discloses any such information commits a civil violation for which a fine not
2 to exceed \$1,000 may be adjudged.

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

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

12 A. The number of names of winners submitted by licensees to the registry operator
13 pursuant to this section in each of the preceding 2 calendar years;

14 B. The number of winners who were found to be listed in the registry in each of the
15 preceding 2 calendar years;

16 C. The amount of winnings withheld by licensees pursuant to this section in each of
17 the preceding 2 calendar years; and

18 D. The amount of withheld winnings refunded to winners as the result of
19 administrative hearings requested pursuant to this section in each of the preceding 2
20 calendar years.

21 **Sec. 23. 8 MRSA c. 31, sub-c. 8** is enacted to read:

22 **SUBCHAPTER 8**

23 **SPORTS WAGERING OPERATION; ALLOCATION OF FUNDS**

24 **§1081. License to conduct sports wagering; employee licensing**

25 **1. License required.** A person may not conduct sports wagering, including online
26 sports wagering, in the State unless the person has been issued a license to operate sports
27 wagering by the board.

28 **2. Sports wagering operator license.** The board may issue a license to operate
29 sports wagering, including online sports wagering, to a person or a federally recognized
30 Indian tribe that demonstrates compliance with the qualifications set forth in sections
31 1016 and 1019 and the criteria adopted by the board through rulemaking regarding the
32 licensing of sports wagering operators and that is:

33 A. Licensed to operate a casino in the State under this chapter;

34 B. Licensed to operate a commercial track in the State under chapter 11; or

35 C. Licensed to operate an off-track betting facility under chapter 11.

1 To maintain eligibility for a license under this subsection, the person or the federally
2 recognized Indian tribe must at all times maintain the person's or tribe's casino operator
3 license, commercial track license or off-track betting facility license without lapse,
4 suspension or revocation.

5 **3. License to conduct online sports wagering.** The board may issue a license to
6 conduct only online sports wagering to a federally recognized Indian tribe in the State
7 that does not meet the criteria in subsection 2, paragraph A, B or C and that demonstrates
8 compliance with the qualifications set forth in section 1019 and the criteria adopted by
9 the board through rulemaking.

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

12 **5. Fees.** The initial application fee for a license under subsection 2 or 3 is \$30,000.
13 The annual renewal fee for a license under subsection 2 or 3 is \$15,000.

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

18 **7. Not transferable.** A license issued under this section is not transferable or
19 assignable.

20 **8. Licensing of employees.** Employees of a person or a federally recognized Indian
21 tribe licensed under subsection 2 and employees of a federally recognized Indian tribe
22 licensed under subsection 3 must be licensed according to section 1015.

23 **9. Rulemaking.** The board shall adopt rules to implement this section. Rules
24 initially adopted as required by this section are major substantive rules as described in
25 Title 5, chapter 375, subchapter 2-A. Rules adopted after the first year of operation of
26 sports wagering conducted by a sports wagering operator are routine technical rules as
27 described in Title 5, chapter 375, subchapter 2-A.

28 **§1082. Persons prohibited from making sports wagers**

29 A sports wagering operator may not accept a sports wager from the following
30 persons:

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

32 **2. Operators and employees.** The sports wagering operator or a director, officer or
33 employee of the sports wagering operator or a relative living in the same household as
34 any of those persons;

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

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

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

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

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

10 D. The legal or beneficial owner of 10% or more of the sports governing body or the
11 league or any of the body's or league's member teams;

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

16 **6. Prohibited persons.** A person on a list established by the board under section
17 1083, subsection 8 of persons who are to be excluded or removed from a sports wagering
18 lounge and prohibited from placing online sports wagers;

19 **7. Unidentified persons.** A person whose identity has not been verified by the
20 sports wagering operator; and

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

23 **§1083. Conduct of sports wagering; rulemaking**

24 The board shall adopt rules relating to the conduct of sports wagering, including but
25 not limited to rules governing the following:

26 **1. Fraud or deception.** The prevention of any fraud or deception upon a person
27 placing a sports wager;

28 **2. Comprehensive house rules; approval.** Comprehensive house rules to be
29 adopted by a sports wagering operator governing sports wagering transactions that
30 specify the amounts to be paid on winning wagers and the effect of sports event schedule
31 changes and that identify the maximum wager amount, prohibited sports events and
32 persons prohibited from making sports wagers. The rules must, at a minimum, require a
33 sports wagering operator to submit the house rules to the board for approval prior to
34 commencing operations and to conspicuously display the house rules in the sports
35 wagering lounge and on any publicly accessible website or mobile application through
36 which the operator accepts online sports wagers;

37 **3. Conduct of sports wagering.** The methods of operation of sports wagering,
38 including but not limited to the types of wagers permitted, the maximum wager that may
39 be accepted from any one person on a single sports event, ensuring that wagers are not

1 accepted on prohibited sports events and informing customers of state and federal tax
2 obligations on certain winnings;

3 **4. Sports wagering lounge.** The location, size, design, hours of operation and
4 minimum security standards for sports wagering lounges. The rules must, at a minimum,
5 require that a sports wagering lounge be located only on the premises of the casino,
6 commercial track or off-track betting facility operated by the sports wagering operator;

7 **5. Identification of customers.** Methods for verifying the identity and age of a
8 person who places a wager in a sports wagering lounge and for verifying that the person
9 making a wager is not prohibited from making a wager under section 1082. The rules
10 must, at a minimum, require that a sports wagering operator who discovers that a person
11 prohibited from making a wager under section 1082 has made a wager shall immediately
12 refund the wager and any entry fee made by the person;

13 **6. Fiscal controls, records and reports to the board.** Minimum procedures for the
14 exercise of effective fiscal control of the sports wagering operation, including provisions
15 for the safeguarding of assets and revenues, the recording of cash and evidence of
16 indebtedness and the maintenance of reliable records, accounts and reports of
17 transactions, operations and events, including reports to the board;

18 **7. Audits.** Procedures for the annual audit of the books and records of sports
19 wagering operators; and

20 **8. List of prohibited persons.** Establishment of a list of persons who are to be
21 excluded or removed from a sports wagering lounge and prohibited from placing an
22 online sports wager, including those persons who voluntarily request that their names be
23 included on the list of prohibited persons. These rules must:

24 A. Define the standards for exclusion and removal and include standards regarding
25 persons who are career or professional offenders, as defined by rules of the board or
26 whose presence in a sports wagering lounge or whose placement of online sports
27 wagers, in the opinion of the board, would be inimical to the interest of the State; and

28 B. Provide that, before making a payout of winnings in an amount equal to or greater
29 than the amount for which the licensee is required to file a Form W-2G or
30 substantially equivalent form with the United States Internal Revenue Service, the
31 licensee, after any interception of winnings required by law to pay child support debt
32 or other obligations, shall intercept money or anything of value that an excluded
33 person is seeking to redeem as a result of wagers made by the person after that person
34 has been excluded. The rules must offer the excluded person the right to an
35 administrative hearing with reasonable notice to contest the interception of winnings.
36 Winnings intercepted must be remitted by the licensee to the board or its designee for
37 deposit in an Other Special Revenue Funds account within the office of substance
38 abuse within the Department of Health and Human Services to address gambling
39 addiction.

40 Rules initially adopted as required by this section are major substantive rules as
41 described in Title 5, chapter 375, subchapter 2-A. Rules adopted after the first year of

1 operation of sports wagering conducted by a sports wagering operator are routine
2 technical rules as described in Title 5, chapter 375, subchapter 2-A.

3 **§1084. Operation of online sports wagering; rulemaking**

4 The board shall adopt rules relating to the operation of online sports wagering,
5 including but not limited to rules governing the following:

6 **1. Operation of a sports wagering lounge.** Prohibiting a sports wagering operator
7 licensed under section 1081, subsection 2 from conducting online sports wagering unless
8 the sports wagering operator has established and commenced operation of a sports
9 wagering lounge and requiring the online sports wagering operator to maintain operation
10 of the sports wagering lounge to maintain eligibility for conducting online sports
11 wagering. The rules may not require a federally recognized Indian tribe licensed under
12 section 1081, subsection 3 to establish or maintain a sports wagering lounge;

13 **2. Conduct of sports wagering.** The methods of conducting online sports wagering,
14 including but not limited to the number of publicly accessible websites and mobile
15 applications a single online sports wagering operator may employ, the types of wagers
16 permitted, the maximum wager that may be accepted from any one person on a single
17 sports event, ensuring that wagers are not accepted on prohibited sports events and
18 informing customers of state and federal tax obligations on certain winnings;

19 **3. Servers and other equipment.** Requirements for servers and other equipment
20 used to conduct online sports wagering. The rules must, at a minimum, require that the
21 servers or other equipment used by the online sports wagering operator meet minimum
22 security standards and be located in the State;

23 **4. Identification of customers.** Required methods for verifying the identity and age
24 of a person who places an online sports wager and for verifying that the person making a
25 wager is not prohibited from making a wager under section 1082. The rules must, at a
26 minimum, require that an online sports wagering operator who discovers that a person
27 prohibited from making a wager under section 1082 has made a wager shall immediately
28 refund the wager and any entry fee made by the person; and

29 **5. Location of transaction.** Prohibiting the acceptance of any wager by an online
30 sports wagering operator unless the online sports wagering operator verifies that the
31 wager is initiated, received and otherwise made in this State and does not constitute
32 unlawful Internet gambling as defined in the Unlawful Internet Gambling Enforcement
33 Act of 2006, 31 United States Code, Section 5362(10).

34 Rules initially adopted as required by this section are major substantive rules as
35 described in Title 5, chapter 375, subchapter 2-A. Rules adopted after the first year that
36 online sports wagering is conducted by an online sports wagering operator are routine
37 technical rules as described in Title 5, chapter 375, subchapter 2-A.

1 the sports event; other interested persons if the sports event upon which the wager is
2 placed is overseen by the person's league or sports governing body; persons with
3 confidential information that could affect the outcome of the sports event; persons who
4 are on a list of prohibited persons established by the board, including persons who
5 voluntarily request to be prohibited from making sports wagers; and persons who make
6 wagers on behalf of another person.

7 The bill requires the board to adopt rules regulating the conduct of sports wagering,
8 including rules restricting the types of wagers permitted, establishing the maximum
9 wagers that may be accepted from any one person on a single sports event, regulating the
10 design and minimum security standards for in-person sports wagering lounges located
11 within casino, commercial track or off-track betting facilities and establishing record
12 keeping, reporting and auditing requirements. The bill also requires the board to adopt
13 rules further regulating the conduct of online sports wagering, including rules regulating
14 the servers and other equipment used to conduct sports wagering online, establishing
15 methods for verifying the identity and age of persons placing wagers online and
16 prohibiting the acceptance of wagers from outside the State as required by federal law.

17 The bill further requires that 1% of net sports wagering income be used for
18 administrative expenses of the board and 24% of net sports wagering income be credited
19 by the Treasurer of State to the Department of Education for essential programs and
20 services for kindergarten to grade 12.

21 Finally, the bill provides that the laws governing unlawful gambling and games of
22 chance do not apply to sports wagering operators that comply with the laws governing
23 sports wagering.