

SENATE BILL NO. 118

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology

on _____)

(Patron Prior to Substitute--Senator Locke)

A BILL to amend and reenact §§ 58.1-4100 and 58.1-4102 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 41 of Title 58.1 an article numbered 12, consisting of sections numbered 58.1-4142 through 58.1-4157, relating to Virginia Lottery; casinos; internet gaming authorized; penalties.

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-4100 and 58.1-4102 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 41 of Title 58.1 an article numbered 12, consisting of sections numbered 58.1-4142 through 58.1-4157, as follows:

§ 58.1-4100. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Adjusted gross internet gaming revenue" means the amount of money paid as internet wagers minus (i) all winnings and the cash value of merchandise paid out as winnings to bettors; (ii) the value of bonuses or promotions placed as internet wagers, provided that the amount of bonuses and promotions deducted does not exceed 25 percent of the amount of money paid as internet wagers; and (iii) uncollectible gaming receivables, which shall not exceed two percent, or a different percentage as determined by the Board, of gross revenue minus all cash paid out as winnings to bettors.

"Adjusted gross receipts" means the gross receipts from casino gaming less winnings paid to winners.

"Board" means the Virginia Lottery Board established in the Virginia Lottery Law (§ 58.1-4000 et seq.).

26 "Casino gaming" or "game" means baccarat, blackjack, twenty-one, poker, craps, dice, slot
27 machines, roulette wheels, Klondike tables, Mah Jongg, electronic table games, hybrid table games,
28 punchboards, faro layouts, numbers tickets, push cards, jar tickets, or pull tabs, or any variation of the
29 aforementioned games, and any other activity that is authorized by the Board as a wagering game or device
30 under this chapter. "Casino gaming" or "game" includes on-premises mobile casino gaming.

31 "Casino gaming establishment" means the premises, including the entire property located at the
32 address of the licensed casino, upon which lawful casino gaming is authorized and licensed as provided
33 in this chapter. "Casino gaming establishment" does not include a riverboat or similar vessel.

34 "Casino gaming operator" means any person issued a license by the Board to operate a casino
35 gaming establishment.

36 "Cheat" means to alter the selection criteria that determine the result of a game or the amount or
37 frequency of payment in a game for the purpose of obtaining an advantage for one or more participants in
38 a game over other participants in a game.

39 "Counter check" means an interest-free negotiable instrument for a specified amount executed by
40 a player and held by the casino that serves as evidence of the casino gaming patron's obligation to pay the
41 casino and that can be exchanged by the casino gaming patron for the specified amount in chips, tokens,
42 credits, electronic credits, electronic cash, or electronic cards.

43 "Department" means the independent agency responsible for the administration of the Virginia
44 Lottery created in the Virginia Lottery Law (§ 58.1-4000 et seq.).

45 "Director" means the Director of the Virginia Lottery.

46 "Eligible host city" means any city described in § 58.1-4107 in which a casino gaming
47 establishment is authorized to be located.

48 "Entity" means a person that is not a natural person.

49 "Gaming operation" means the conduct of authorized casino gaming within a casino gaming
50 establishment.

51 "Gross receipts" means the total amount of money exchanged for the purchase of chips, tokens,
52 electronic credits, electronic cash, or electronic cards by casino gaming patrons. "Gross receipts" shall not

53 include the cash value of promotions or credits provided to and exchanged by casino gaming patrons for
54 chips, tokens, electronic credits, electronic cash, or electronic cards. "Gross receipts" shall also not include
55 uncollectable counter checks.

56 "Immediate family" means (i) a spouse and (ii) any other person residing in the same household
57 as an officer or employee and who is a dependent of the officer or employee or of whom the officer or
58 employee is a dependent.

59 "Individual" means a natural person.

60 "Internet game" means a game that is offered for play through the internet in which an individual
61 wagers money or something of monetary value for the opportunity to win money or something of monetary
62 value.

63 "Internet gaming" means operating, conducting, or offering for play an internet game.

64 "Internet gaming account" means an electronic ledger in which all of the following types of
65 transactions relative to an authorized account holder are recorded: (i) deposits and credits; (ii) withdrawals;
66 (iii) internet wagers; (iv) monetary value of winnings; (v) service or other transaction-related charges
67 authorized by the account holder, if any; and (vi) adjustments to the account.

68 "Internet gaming operator" means a person that is issued an internet gaming operator license by
69 the Board pursuant to § 58.1-4144.

70 "Internet gaming operator license" means a license issued by the Board to a person to operate,
71 conduct, or offer internet gaming.

72 "Internet gaming platform" means an integrated system of hardware, software, applications,
73 including mobile applications, and servers through which an internet gaming operator operates, conducts,
74 or offers internet gaming.

75 "Internet gaming platform provider license" means a license issued by the Board to a person for
76 the purpose of providing an internet gaming platform to an internet gaming operator.

77 "Internet gaming supplier" means an entity that provides ancillary services, goods, software, or
78 other components necessary for the offering of internet games and the determination of internet gaming
79 outcomes to any internet gaming operator or internet gaming platform provider, including customer

80 identity services, age verification services, geolocation services, payment processing and similar financial
81 services, live internet game studios, and any other providers of internet gaming services authorized by the
82 Commission. "Internet gaming supplier" does not include telecommunications providers, internet service
83 providers, or any other goods or services not specifically designed for, or designed for use in connection
84 with, internet gaming.

85 "Internet gaming supplier license" means a license issued by the Board to a person to act as an
86 internet gaming supplier.

87 "Internet wager" means money or something of monetary value risked on an internet game.

88 "Internet wagering" means risking money or something of monetary value for the opportunity to
89 win money or something of monetary value on an internet game.

90 "Licensee" or "license holder" means any person holding an operator's license under § 58.1-4111.

91 "Live dealer internet game" means an internet game conducted by a gaming attendant or gaming
92 equipment, or both, in a live internet game studio in which video is streamed on an internet gaming
93 platform and patrons have the ability to communicate game decisions through the internet gaming
94 platform and may be permitted to interact with game attendants and fellow patrons.

95 "Live internet game simulcast" means an internet live feed of a live dealer internet game that is
96 conducted in a live internet game studio and in which participants have the ability to wager in real-time.

97 "Live internet game studio" means a physical location that utilizes live video and audio streaming
98 technology to provide an internet gaming licensee with a live internet game simulcast.

99 "Mobile application" means an application on a mobile phone or other electronic device through
100 which an individual is able to place an internet wager.

101 "On-premises mobile casino gaming" means casino gaming offered by a casino gaming operator
102 at a casino gaming establishment using a computer network of both federal and nonfederal interoperable
103 packet-switched data networks through which the casino gaming operator may offer casino gaming to
104 individuals who have established an on-premises mobile casino gaming account with the casino gaming
105 operator and who are physically present on the premises of the casino gaming establishment, as authorized
106 by regulations promulgated by the Board.

107 "Permit holder" means any person holding a supplier or service permit pursuant to this chapter.

108 "Person" means an individual, partnership, joint venture, association, limited liability company,
109 stock corporation, or nonstock corporation and includes any person that directly or indirectly controls or
110 is under common control with another person.

111 "Preferred casino gaming operator" means the proposed casino gaming establishment and operator
112 thereof submitted by an eligible host city to the Board as an applicant for licensure.

113 "Prepaid access instrument" means a system device that allows a casino gaming patron access to
114 funds that have been paid in advance and can be retrieved or transferred at some point in the future through
115 such a device. In order to transfer funds for gaming purposes, a prepaid access instrument shall be
116 redeemed for tokens, chips, credits, electronic credits, electronic cash, electronic cards, or used in
117 conjunction with an approved cashless wagering system or interactive gaming account.

118 "Principal" means any individual who solely or together with his immediate family members (i)
119 owns or controls, directly or indirectly, five percent or more of the pecuniary interest in any entity that is
120 a licensee or (ii) has the power to vote or cause the vote of five percent or more of the voting securities or
121 other ownership interests of such entity, and any person who manages a gaming operation on behalf of a
122 licensee.

123 "Professional sports" means the same as such term is defined in § 58.1-4030.

124 "Promotional free play spend" means the value of the play of a casino game or internet game that
125 does not require the player to provide anything of value in return for that specific instance of play.

126 "Qualified internet gaming entity" means an entity that offers internet gaming as an operator,
127 platform provider, or similar, pursuant to a valid license in two or more jurisdictions in the United States.

128 "Security" has the same meaning as provided in § 13.1-501. If the Board finds that any obligation,
129 stock, or other equity interest creates control of or voice in the management operations of an entity in the
130 manner of a security, then such interest shall be considered a security.

131 "Sports betting" means the same as such term is defined in § 58.1-4030.

132 "Sports betting facility" means an area, kiosk, or device located inside a casino gaming
133 establishment licensed pursuant to this chapter that is designated for sports betting.

134 "Supplier" means any person that sells or leases, or contracts to sell or lease, any casino gaming
135 equipment, devices, or supplies, or provides any management services, to a licensee.

136 "Sweepstakes" means a promotional, advertising, or marketing event, contest, or game, whether
137 played online or in person, in which a prize or prize equivalent is awarded, either directly or indirectly
138 through means such as a dual currency system of payment, as determined by the Board, that allows a
139 participant to exchange the currency for a prize or prize equivalent.

140 "Voluntary exclusion program" means a program established by the Board pursuant to § 58.1-4103
141 that allows individuals to voluntarily exclude themselves from engaging in the activities described in
142 subdivision B 1 of § 58.1-4103 by placing their names on a voluntary exclusion list and following the
143 procedures set forth by the Board.

144 "Youth sports" means the same as such term is defined in § 58.1-4030.

145 **§ 58.1-4102. Powers and duties of the Board; regulations.**

146 The Board shall have the power and duty to:

147 1. Issue permits and licenses under this chapter and supervise all gaming operations licensed under
148 the provisions of this chapter, including all persons conducting or participating in any gaming operation.
149 The Board shall employ such persons to be present during gaming operations as are necessary to ensure
150 that such gaming operations are conducted with order and the highest degree of integrity.

151 2. Adopt regulations regarding the conditions under which casino gaming shall be conducted in
152 the Commonwealth and all such other regulations it deems necessary and appropriate to further the
153 purposes of this chapter.

154 3. Adopt regulations regarding the conditions under which internet gaming shall be conducted in
155 the Commonwealth, and enter into multijurisdictional agreements as necessary pursuant to the provisions
156 of Article 12 (§ 58.1-4142 et seq.). Such regulations shall be consistent, to the extent practicable, with the
157 Board's regulations governing sports betting.

158 4. Issue an operator's license only to a person who meets the criteria of § 58.1-4107.

159 ~~4-5.~~ Issue subpoenas for the attendance of witnesses before the Board, administer oaths, and
160 compel production of records or other documents and testimony of such witnesses whenever in the
161 judgment of the Board it is necessary to do so for the effectual discharge of its duties.

162 ~~5-6.~~ Order such audits as it deems necessary and desirable.

163 ~~6-7.~~ Provide for the withholding of the applicable amount of state and federal income tax of
164 persons claiming a prize or payoff for winning a game and establish the thresholds for such withholdings.

165 8. Investigate and take enforcement action, including issuing cease and desist orders and obtaining
166 injunctive relief, against a person that offers internet gaming, sports betting, or sweepstakes games in the
167 Commonwealth without an appropriate license issued by the Board.

168 Article 12.

169 Internet Gaming.

170 **§ 58.1-4142. Authorized internet gaming.**

171 Internet gaming is prohibited except when offered by an internet gaming operator licensed
172 pursuant to the provisions of this article. Any authorized internet gaming shall comply with the provisions
173 of this article and any regulations promulgated by the Board related to internet gaming.

174 An internet gaming operator or internet gaming platform provider shall be permitted to offer live
175 internet game simulcasts from any live internet game studio premises located within the Commonwealth.
176 The Board shall require all live internet game studios to be licensed as an internet gaming supplier.

177 **§ 58.1-4143. Notice of intent; platform fee; renewal.**

178 Any casino gaming operator that intends to conduct internet gaming shall submit a separate notice
179 of intent to the Director, on a form approved by the Director, for each internet gaming platform that it
180 intends to offer; however, no casino gaming operator may offer more than three internet gaming platforms.

181 Each notice of intent shall be accompanied by a \$2 million platform fee, which shall enable the casino
182 gaming operator to operate one internet gaming platform for the term of the casino gaming operator's
183 internet gaming operator license. If the remaining time on the casino gaming operator's internet gaming
184 operator's license is less than the full five-year term at the time the notice of intent is submitted, the
185 platform fee shall be prorated accordingly. The internet gaming operator shall pay a platform renewal fee

186 concurrently with its casino gaming license renewal of \$1 million per internet gaming platform. All fees
187 paid pursuant to this section shall be deposited into the Internet Gaming Platform Fee Holding Fund,
188 established pursuant to § 58.1-4156.

189 **§ 58.1-4144. Internet gaming operator license; fees.**

190 A. The Board may issue an internet gaming operator license to a casino gaming operator as an
191 amendment to a casino gaming operator's license issued pursuant to § 58.1-4108. The Board may issue an
192 internet gaming operator license to a casino gaming operator that submits an application on forms
193 approved by the Board, meets the qualifications set herein and by the Board in regulations, and pays an
194 initial licensing fee of \$500,000.

195 B. All applicants for an internet gaming operator license that submit an application within 30 days
196 of the date on which the Department first begins to accept applications for an internet gaming operator
197 license shall be given an equal opportunity to commence offering, conducting, or operating internet
198 gaming in the Commonwealth upon confirmation by the Board that the applicant's application is complete
199 on the same day. An internet gaming operator's application for an internet gaming operator license shall
200 be deemed complete when:

201 1. The casino gaming operator has submitted an application on the form provided by the Board
202 and remitted the required application fee; and

203 2. The casino gaming operator has submitted a plan for the mitigation of job loss in the gaming
204 industry, as required by subsection E of § 58.1-4143.

205 C. An internet gaming operator license issued pursuant to this section shall be valid for a period
206 of five years from the date of issuance or for the remaining duration of the casino gaming operator's license
207 issued pursuant to § 58.1-4108, whichever is shorter. The fee for renewal of an internet gaming operator
208 license shall be \$250,000.

209 D. An internet gaming operator may offer up to three internet gaming platforms, either directly or
210 through a licensed internet gaming platform provider. An internet gaming operator may contract with up
211 to three internet gaming platform providers to operate the internet gaming platforms on its behalf. Each
212 internet gaming platform shall be offered under a single distinct brand, except that each internet gaming

213 platform may use a second distinct brand to offer poker. The internet gaming platforms shall not be
214 required to be branded or co-branded with the brand of the internet gaming operator or its casino gaming
215 operator. The provisions of this subsection shall not prohibit a holder of an internet gaming operator
216 license from using fewer than three internet gaming platforms or from using a single brand to offer both
217 internet poker and other internet games on an internet gaming platform.

218 E. As a requirement to be considered for an internet gaming operator license, and as an ongoing
219 requirement of licensure, a casino gaming operator shall maintain a plan for the mitigation of job loss in
220 the gaming industry, describing its plan to reduce the impact of internet gaming on jobs in its casino
221 gaming establishment. The plan shall include, at a minimum, (i) an estimate of the impact of internet
222 gaming on jobs at the casino gaming establishment, if any; (ii) any plan to retrain impacted employees for
223 jobs associated with internet gaming; and (iii) any other plan to mitigate any negative impact of internet
224 gaming on jobs at the casino gaming establishment. The Director shall make the mitigation plan publicly
225 available during the pendency of the casino gaming operator's application for an internet gaming operator's
226 license and throughout the term of the internet gaming operator license, including through publication on
227 the Department's website.

228 F. As a condition of an internet gaming operator license and an internet gaming platform provider
229 license, each internet gaming operator and internet gaming platform provider shall commit that a minimum
230 of 25 percent of total annual promotional free play spend offered through the internet gaming platform
231 associated with the internet gaming platform provider license shall be promotional free play spend
232 redeemable only through in-person, on-premises play on casino gaming at the casino gaming
233 establishment associated with the internet gaming platform provider license.

234 Each licensee subject to this subsection shall maintain adequate records documenting promotional
235 free play spend offered (i) through the internet gaming platform and (ii) at the casino gaming establishment
236 associated with the internet gaming platform provider license.

237 The Board shall promulgate regulations describing the method that shall be used for determining
238 the value of promotional free play spend for purposes of this subsection.

239 **§ 58.1-4145. Temporary internet gaming platform authorization.**

240 A. A qualified internet gaming entity may submit to the Board a request for a temporary internet
241 gaming platform provider license. Such request shall include a supplemental platform fee of \$10,000
242 payable to the Board. Upon receiving a request for a temporary license, the Director shall review the
243 request. If the Director determines that the entity requesting the temporary license is a qualified internet
244 gaming entity and has paid the temporary licensing fee, the Board shall authorize the qualified internet
245 gaming entity to conduct internet gaming for a period of one year under a temporary license or until a
246 final determination on its internet gaming platform provider license application is made, whichever is
247 later.

248 B. The Board may use information obtained from the applicant pursuant to its license for online
249 sports betting in the Commonwealth, or information furnished by the applicant to other jurisdictions in
250 which the applicant is authorized to conduct internet gaming.

251 C. All applicants for an internet gaming platform provider license that submit an application within
252 30 days of the date on which the Department first begins to accept applications for an internet gaming
253 platform provider license shall be given an equal opportunity to commence offering, conducting, or
254 operating internet gaming in the Commonwealth on the same day, provided the internet gaming operator
255 with whom the applicant has contracted has submitted a complete application.

256 **§ 58.1-4146. Multijurisdictional contracts permitted.**

257 The Board may enter into agreements with other jurisdictions to facilitate, administer, and regulate
258 multijurisdictional internet gaming by internet gaming operators to the extent that entering into the
259 agreement is consistent with state and federal laws and if the internet gaming conducted under such
260 agreement is conducted only in the United States.

261 **§ 58.1-4147. Age and identity requirements; verification; geolocation.**

262 A. An internet gaming operator shall provide, or shall require its internet gaming platform provider
263 to provide, one or more mechanisms on the internet gaming platform that the internet gaming operator
264 uses that are designed to reasonably verify that an individual is 21 years of age or older and that internet
265 wagering is limited to transactions that are initiated and received or otherwise made by an authorized

266 participant located in the Commonwealth or, if the Board authorizes multijurisdictional internet gaming,
267 another jurisdiction in the United States authorized by such multijurisdictional agreement.

268 B. An individual who wishes to place an internet wager pursuant to the provisions of this article
269 shall satisfy the verification requirements pursuant to subsection A before such individual may establish
270 an internet wagering account or make an internet wager on an internet game offered by the internet gaming
271 operator.

272 C. An internet gaming operator shall include, or shall require its internet gaming platform provider
273 to include, mechanisms on its internet gaming platform that are designed to detect and prevent the
274 unauthorized use of internet wagering accounts and to detect and prevent fraud, money laundering, and
275 collusion.

276 D. Internet gaming operators and internet gaming platform providers may permit patrons to make
277 deposits and withdrawals from an internet gaming account using the following methods:

278 1. Online and mobile payment systems that support online money transfers;

279 2. Debit card; and

280 3. Any other form approved by the Board.

281 E. A patron shall be permitted to use the same account to participate in internet gaming and sports
282 betting pursuant to Article 2 (§ 58.1-4030 et seq.) of Chapter 40 with an operator or platform provider
283 licensed to conduct both internet gaming and sports betting.

284 F. An internet gaming operator, or its internet gaming platform provider, shall not knowingly
285 authorize any of the following individuals to establish an internet wagering account or knowingly allow
286 them to wager on internet games offered by the internet gaming operator:

287 1. An individual who is younger than 21 years of age; or

288 2. An individual who participates in the voluntary exclusion program.

289 G. An internet gaming operator shall display, or shall require its internet gaming platform provider
290 to display, in a clear, conspicuous, and accessible manner, evidence of the internet gaming operator's
291 internet gaming license issued pursuant to this article.

292 **§ 58.1-4148. Consumer protections; problem gambling.**

- 293 A. The Board shall promulgate regulations to promote problem gaming prevention, identification,
294 and curtailment. Such regulations shall include:
- 295 1. Educating potential gamblers of methods and types of games and fairly informing potential
296 gamblers of the odds or likelihood of winning such games;
- 297 2. Establishing and administering programs for educating potential gamblers about responsible
298 gambling, the warning signs of problem or compulsive gambling, and how to prevent and treat problem
299 or compulsive gambling;
- 300 3. Developing and funding responsible gaming education campaigns coupled with prevention and
301 education efforts within communities that raise awareness of potential signs or risk factors of problem or
302 compulsive gambling;
- 303 4. Encouraging the use of harm-minimizing measures by bettors, such as excluding or limiting
304 oneself from cashing checks and making automated teller machine withdrawals, as well as utilizing limit-
305 setting tools and personal data and information to make informed decisions about gambling;
- 306 5. Establishing rules and regulations that enable bettors to cool off, self-limit, and self-exclude
307 from gaming activities statewide and across multiple jurisdictions;
- 308 6. Adopting processes for individuals to express concerns related to problem or compulsive
309 gambling to the Board;
- 310 7. Developing statewide advertising guidelines to ensure that the marketing of internet gaming is
311 not targeted to minors and does not include content, themes, and promotions that have special appeal to
312 problem or compulsive gamblers;
- 313 8. Requiring the electronic posting of signs or notifications on internet gaming platforms that bear
314 a toll-free number for an organization that provides assistance to problem or compulsive gamblers; and
- 315 9. Establishing rules and regulations to limit wagering when such bettor has exhibited signs of
316 problem or compulsive gambling.
- 317 B. The Board shall promulgate rules and regulations that require an internet gaming operator to
318 implement responsible gaming programs. Such rules and regulations shall require an internet gaming
319 operator to develop a strategic implementation plan with the details as to the (i) use of player data and

320 technology to aid in identifying potential problem gamblers; (ii) use of automated triggers to identify and
321 manage accounts of potential problem gamblers; and (iii) levels of intervention and education provided to
322 identified at-risk players, which shall include at a minimum a (a) first phase involving communications
323 with the individual in order to educate the individual on the availability of various responsible gaming
324 features and resources offered by the licensee; (b) second phase that includes a video tutorial displayed to
325 the individual either as one or multiple videos that provide education on the features and resources
326 available; and (c) third phase, when warranted, that includes access to a responsible gaming professional
327 provided by the internet gaming operator to advise the individual on possible corrective actions to address
328 at-risk behavior.

329 C. The Board shall work with national and local organizations to provide services for individuals
330 with problem gambling or a betting or gambling disorder and to establish prevention initiatives to reduce
331 the number of individuals with problem gambling or a gambling disorder, including utilizing currently
332 established programs for problem gambling or gambling disorders.

333 D. The Board shall annually generate a report outlining activities with respect to problem gambling
334 or gambling disorders, including descriptions of programs, grants, and other resources made available, the
335 number of individuals seeking assistance, the number of individuals who reported completing programs
336 and therapies, and the rate of recidivism, if known to the Board. The Board shall file the annual report
337 with the Governor, the Speaker of the House of Delegates, and the Chair of the Senate Committee on
338 Rules, and shall publish such report on its website no later than January 1 of each year.

339 E. In order to encourage responsible play, an internet gaming operator shall:

340 1. Conspicuously display on each applicable internet website or mobile application a means to
341 initiate a break in play, such as a periodic pop-up message indicating the amount of time an individual has
342 spent on the internet gaming operator's website or mobile application; and

343 2. Provide access to an account statement that shall include detailed account activity for at least 12
344 prior months, including, at a minimum, information relating to deposits, withdrawals, and win and loss
345 statistics.

346 F. In order to assist those persons who may have a gambling problem, an internet gaming operator
347 shall:

348 1. Cause the words "If you or someone you know has a gambling problem and wants help, call 1-
349 800-GAMBLER," or some comparable language approved by the Department, which language shall
350 include the words "gambling problem" and "call 1-800-GAMBLER," or other helpline phone number or
351 contact information approved by the Department, to be displayed prominently to any person visiting or
352 logged onto an internet gaming platform; and

353 2. Provide a mechanism by which an account holder may establish the following controls on
354 internet wagering through the internet gaming account, and at the request of a bettor, share the following
355 information with the Board for the sole purpose of disseminating the request to other internet gaming
356 operators:

357 a. A limit on the amount of money deposited within a specified period of time and the length of
358 time the account holder will be unable to participate in internet gaming if the account holder reaches the
359 established deposit limit; and

360 b. A temporary suspension of internet gaming through the account holder's internet gaming
361 account for a specified number of hours or days.

362 G. The internet gaming operator shall not send internet gaming-related electronic mail to an
363 account holder while his internet gaming account is suspended if the suspension is for at least 72 hours.
364 The internet gaming operator shall provide a mechanism by which an account holder may change these
365 controls, except that the account holder may not change gaming controls until the suspension expires. The
366 account holder shall be permitted to withdraw funds from such account upon proper application therefor.

367 H. Prior to the commencement of internet gaming, an internet gaming operator shall submit
368 proposed internal controls for internet gaming operations to the Board for approval, as required by the
369 Board pursuant to regulations.

370 I. A person shall not provide or make available computers or other internet access devices in a
371 place of public accommodation in the Commonwealth, including a club or other association, to enable
372 individuals to place internet wagers or play an internet game. The prohibition under this subsection does

373 not apply to an internet gaming operator aggregating, providing, or making available computers or other
374 internet access devices at its own casino gaming establishment.

375 **§ 58.1-4149. Disposition of inactive, dormant internet gaming accounts.**

376 All amounts remaining in internet gaming accounts inactive or dormant for such period and under
377 such conditions as established by regulation by the Board shall be closed. Any funds remaining in the
378 account at such time shall be paid 50 percent to the internet gaming operator and 50 percent to the general
379 fund. Before closing an internet gaming account pursuant to this section, the internet gaming operator
380 shall attempt to contact the account holder by mail, phone, and electronic mail.

381 **§ 58.1-4150. Operating, conducting, or offering internet gaming without a license; penalties.**

382 Any person who operates, conducts, or offers internet gaming without a license is guilty of a Class
383 6 felony and subject to a fine of not more than \$25,000 and, in the case of a person other than a natural
384 person, to a fine of not more than \$1 million.

385 **§ 58.1-4151. Tampering with equipment; penalties.**

386 A. Any person who knowingly tampers with software, computers, or other equipment used to
387 operate, conduct, or offer internet gaming to alter the odds or the payout of a game or disables the game
388 from operating according to the rules of the game as promulgated by the Board is guilty of a Class 5 felony
389 and subject to a fine of not more than \$50,000 and, in the case of a person other than a natural person, to
390 a fine of not more than \$200,000.

391 B. In addition to the penalties provided in subsection A, an employee of a casino gaming operator
392 who violates this section shall have his permit revoked and shall be subject to such further penalty as the
393 Department deems appropriate.

394 C. In addition to the penalties provided in subsection A, a casino gaming operator that violates this
395 section shall have its license to conduct casino gaming suspended for a period determined by the
396 Department and shall be subject to such further penalty as the Department deems appropriate.

397 **§ 58.1-4152. Tampering affecting odds, payout; penalties.**

398 A. Any person who knowingly operates, conducts, or offers or allows to be operated, conducted,
399 or offered any internet game that has been tampered with in a way that affects the odds or the payout of a

400 game or disables the game from operating according to the rules of the game is guilty of a Class 5 felony
401 and subject to a fine of not more than \$50,000 and, in the case of a person other than a natural person, to
402 a fine of not more than \$200,000.

403 B. In addition to the penalties provided in subsection A, an employee of a casino gaming operator
404 who violates this section shall have his permit suspended for a period of not less than 30 days.

405 C. In addition to the penalties provided in subsection A, a casino gaming operator who violates
406 this section shall have its license to conduct casino gaming suspended for a period of not less than 30 days.

407 **§ 58.1-4153. Tax on adjusted gross internet gaming revenue.**

408 A. There shall be imposed a tax of 15 percent on an internet gaming operator's adjusted gross
409 internet gaming revenue.

410 B. The tax imposed pursuant to this section is due monthly to the Department, and the operator
411 shall remit it on or before the twentieth day of the next succeeding calendar month. If the operator's
412 accounting necessitates corrections to a previously remitted tax, the operator shall document such
413 corrections when it pays the following month's taxes.

414 C. If the operator's adjusted gross revenue for a month is a negative number, the operator may
415 carry over the negative amount to a return filed for a subsequent month and deduct such amount from its
416 tax liability for such month, provided that such amount shall not be carried over and deducted against tax
417 liability in any month that is more than 12 months later than the month in which such amount was accrued.

418 D. With the exception of licensing fees, the tax imposed pursuant to this section shall be in lieu of
419 all other taxes and fees imposed on the operation of internet gaming or on the proceeds from the operation
420 of internet gaming in the Commonwealth.

421 **§ 58.1-4154. Distribution of tax revenue.**

422 A. The Department shall allocate five percent of the tax revenue collected pursuant to § 58.1-4153
423 to the Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.2.

424 B. [Until January 1, 2030](#), the Department shall allocate six percent of the tax revenue collected
425 pursuant to § 58.1-4153 to the Internet Gaming Hold Harmless Fund established pursuant to § 58.1-4157
426 and 89 percent of the tax revenue collected pursuant to § 58.1-4153 to the general fund.

427 C. Beginning January 1, 2030, the Department shall allocate 95 percent of the tax revenue collected
428 pursuant to § 58.1-4153 to the general fund.

429 **§ 58.1-4155. Unlicensed sweepstakes games prohibited; civil penalties.**

430 A. Except if conducted by a licensed internet gaming operator, offering or conducting a
431 sweepstakes in which a person present in the Commonwealth may participate by paying or proffering
432 something of value, including an entry fee for the opportunity to win or receive cash or a cash equivalent,
433 shall constitute illegal internet gaming in violation of this section, and shall subject the operator or sponsor,
434 or any officer, employee, or agent of the operator or sponsor, to civil liability under this section.

435 B. Any person who violates this section shall, in addition to any other sanctions authorized by law,
436 be liable for a civil penalty of not more than \$100,000 for the first offense and not more than \$250,000 for
437 the second and each subsequent offense. Each day that such violation continues shall be deemed a separate
438 offense.

439 C. The Board, the Office of the Attorney General, and the Department of State Police may conduct
440 investigations into violations of this section. The Board and the Office of the Attorney General shall have
441 the authority to enforce the provisions of this section, including conducting hearings, issuing cease and
442 desist letters, and issuing subpoenas to ensure compliance with the provisions of this section.

443 **§ 58.1-4156. Internet Gaming Platform Fee Holding Fund.**

444 A. There is hereby created in the state treasury a special nonreverting fund to be known as the
445 Internet Gaming Platform Fee Holding Fund, referred to in this section as "the Fund." The Fund shall be
446 established on the books of the Comptroller. All funds appropriated for such purpose and any gifts,
447 donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and
448 credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it.
449 Except as provided in subsection B, any moneys remaining in the Fund, including interest thereon, at the
450 end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the
451 Fund shall be used solely for the purpose of funding start-up costs and other costs associated with the
452 implementation and creation of a gaming commission or other such combined gaming agency.

453 Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued
454 by the Comptroller upon written request signed by the Director.

455 B. Upon the successful creation of a gaming commission or other such combined gaming agency
456 as noted by the appointment of a governing board and an agency director, and upon the authorization of
457 the Director, all funds appropriated shall be remitted by the end of each calendar quarter to such gaming
458 commission on whose behalf the funds were secured for the purpose of funding start-up costs and other
459 costs associated with implementation and creation of such agency; however, the Director may recover
460 reasonable costs associated with the administration of the Fund.

461 **§ 58.1-4157. Internet Gaming Hold Harmless Fund.**

462 A. There is hereby created in the state treasury a special nonreverting fund to be known as the
463 Internet Gaming Hold Harmless Fund, referred to in this section as "the Fund." The Fund shall be
464 established on the books of the Comptroller. All funds appropriated for such purpose and any gifts,
465 donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and
466 credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it.
467 Except as provided in subsection D, any moneys remaining in the Fund, including interest thereon, at the
468 end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the
469 Fund shall be used solely for the purposes of offsetting any loss of revenue experienced by casino gaming
470 operators that is attributed to internet gaming. Expenditures and disbursements from the Fund shall be
471 made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the
472 Director.

473 B. The Department shall promulgate regulations establishing an annual schedule for the acceptance
474 of applications from casino gaming operators that are able to demonstrate, to the satisfaction of the
475 Department, that they experienced a loss of revenue attributable to internet gaming. The Department shall
476 determine the form and manner in which applications shall be made, the criteria for verifying the amount
477 of each applicant's revenue loss, and the date on which distributions from the Fund are to be made.

478 C. If, on the annual date of distribution from the Fund, moneys in the Fund are insufficient to cover
479 all verified losses, the Department shall direct the State Treasurer to reduce the amount of all claims by a
480 uniform percentage so that applicants receive a share of the funds proportionate to their verified losses.

481 D. Beginning on January 1, 2030, and on January 1 of each year thereafter, the Comptroller shall
482 transfer any moneys credited to the Fund and not disbursed within two years after the date on which the
483 money was credited to the general fund.

484 **2. That, by September 30, 2026, the Virginia Lottery Board (the Board) shall promulgate**
485 **regulations necessary to implement the provisions of this act. The Board's initial adoption of such**
486 **regulations shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq. of the Code of**
487 **Virginia), provided that, prior to the final adoption of such regulations, the Board publishes in the**
488 **Virginia Register of Regulations and posts on the Virginia Regulatory Town Hall an action that**
489 **provides (i) a 30-day comment period; (ii) a summary of the proposed regulations, the text of the**
490 **proposed regulations, and the name, address, email address, and telephone number of the agency**
491 **contact person responsible for receiving public comments; and (iii) the statutory authority to**
492 **promulgate the regulations.**

493 **3. That the Director of the Virginia Lottery shall begin accepting notices of intent in accordance**
494 **with § 58.1-4143 of the Code of Virginia, as created by this act, on July 1, 2026.**

495 **4. That each internet gaming platform that submits a notice of intent pursuant to § 58.1-4143 of the**
496 **Code of Virginia, as created by this act, within 60 days of the enactment of this act shall be given an**
497 **equal opportunity to commence offering, conducting, or operating internet gaming in the**
498 **Commonwealth on the same day. Any internet gaming platform for which a notice of intent has not**
499 **been received within 60 days of the enactment date of this act shall be permitted to commence**
500 **offering, conducting, or operating internet gaming in the Commonwealth no sooner than six months**
501 **after that date on which internet gaming is initially launched in the Commonwealth.**

502 **5. That the provisions of this act may result in a net increase in periods of imprisonment or**
503 **commitment. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the necessary**
504 **appropriation is _____ for periods of imprisonment in state adult correctional facilities;**

505 therefore, Chapter 725 of the Acts of Assembly of 2025 requires the Virginia Criminal Sentencing
506 Commission to assign a minimum fiscal impact of \$50,000. Pursuant to § 30-19.1:4 of the Code of
507 Virginia, the estimated amount of the necessary appropriation is _____ for periods of
508 commitment to the custody of the Department of Juvenile Justice.

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