

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 347
Committee Substitute Favorable 3/22/23
Committee Substitute #2 Favorable 3/28/23
Senate Commerce and Insurance Committee Substitute Adopted 5/24/23
Senate Rules and Operations of the Senate Committee Substitute Adopted 5/30/23
Sixth Edition Engrossed 6/1/23

Short Title: Sports Wagering/Horse Racing Wagering. (Public)

Sponsors:

Referred to:

March 14, 2023

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE AND REGULATE WAGERING ON PROFESSIONAL,
3 COLLEGE, AND AMATEUR SPORTS AND ON HORSE RACING IN NORTH
4 CAROLINA, AND TO AUTHORIZE LIVE HORSE RACING IN NORTH CAROLINA.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. Chapter 18C of the General Statutes is amended by adding a new
7 Article to read:

8 "Article 9.

9 "Sports Wagering.

10 "**§ 18C-901. Definitions.**

11 As used in this Article, the following definitions apply:

- 12 (1) Amateur sports. – A sporting competition that is not a professional sport,
13 college sport, or youth sport. This term includes domestic, international, and
14 Olympic sporting competitions.
- 15 (2) Cash equivalent. – An asset convertible to cash for use in connection with
16 authorized sports wagering that includes all of the following:
17 a. Foreign currency and coin.
18 b. Personal check and draft.
19 c. Digital, crypto, and virtual currency.
20 d. Online and mobile payment systems that support online money
21 transfers.
22 e. Credit card and debit card.
23 f. Prepaid access instrument.
24 g. Any other form approved by the Commission.
- 25 (3) College sports. – An athletic or sporting competition in which at least one
26 participant is a team or contestant competing on behalf of or under the
27 sponsorship of a public or private institution of postsecondary education. This
28 term shall not include a public or private institution of postsecondary
29 education sponsorship of professional sports.
- 30 (4) Covered services. – Any service creating sports wagering markets and
31 determination of sports wager outcomes that involves the operation,



management, or control of sports wagers authorized by this Article. The term shall not include any of the following:

- a. Payment processing and similar financial services.
 - b. Customer identity, age verification, and geolocation services.
 - c. Streaming or other video and data that does not include the determination of odds or line information.
 - d. Telecommunications, internet service providers, and other similar services not specifically designed for sports wagering.
 - e. Other goods or services not specifically designed for use in connection with sports wagering.
- (5) Electronic sports. – Leagues, competitive circuits, tournaments, or similar competitions where individuals or teams play video games, typically for spectators, either in person or online, for prizes, money, or entertainment.
- (6) Geofencing. – Technology approved by the Commission and utilized by an interactive sports wagering operator to verify a registered player's geolocation prior to the time the registered player is placing a sports wager.
- (7) Gross wagering revenue. – The total of amounts received by an interactive sports wagering operator from sports wagers as authorized under this Article less the amounts paid as winnings before any deductions for expenses, fees, or taxes.
- (8) Interactive account. – A mobile account established by a registered player for the purpose of placing sports wagers in accordance with this Article.
- (9) Interactive sports wagering operator. – The holder of an interactive sports wagering license issued by the Commission.
- (10) Key person. – An officer or director of a licensee or applicant for licensure who is directly involved in the operation, management, or control of sports wagering authorized under this Article, or who exercises substantial influence or control over the sports wagering activities.
- (11) Official league data. – Statistics, results, outcomes, and other data relating to a sporting event obtained pursuant to an agreement with the relevant sports governing body or an entity expressly authorized by the relevant sports governing body to provide such data.
- (12) Pari-mutuel wager. – As defined in G.S. 18C-1001.
- (13) Professional sports. – An athletic or sporting competition involving at least two competitors who receive compensation for participating in such event.
- (14) Registered player. – An individual who has established an interactive account with an interactive sports wagering operator.
- (15) Service provider. – A business entity that provides covered services to an interactive sports wagering operator and holds a service provider license.
- (16) Sporting event. – Professional sports, amateur sports, and college sports, all of which may include electronic sports, and any other event approved by the Commission.
- (17) Sports facility. – Any of the following:
- a. A motorsports facility that annually hosts more than one National Association for Stock Car Auto Racing national touring race.
 - b. A facility that hosts a professional golf tournament with more than 50,000 live spectators anticipated to attend based on similar prior tournaments.
 - c. A facility that is the home location of a professional sports team that competes in any of the following professional leagues:
 1. Major League Baseball.

- 1 2. Major League Soccer.
- 2 3. National Basketball Association.
- 3 4. National Football League.
- 4 5. National Hockey League.
- 5 6. National Women's Soccer League.
- 6 (18) Sports governing body. – An organization headquartered in the United States
7 that prescribes final rules with respect to a sporting event and enforces the
8 code of conduct for participants therein. In the context of electronic sports, the
9 sports governing body shall be the video game publisher of the title used in
10 the electronic sports competition, regardless of location.
- 11 (19) Sports wager or sports wagering. – Placing of wagers on any of the following:
12 (i) a sporting event, (ii) a portion of a sporting event, or (iii) the individual
13 performance statistics of athletes in a sporting event or combination of
14 sporting events. The term also includes single-game wagers, teaser wagers,
15 parlays, over-under, moneyline, pools, exchange wagering, in-game
16 wagering, in-play wagers, proposition wagers, straight wagers, and any other
17 wager approved by the Commission.
- 18 (20) Sports wagering brand. – The names, logos, and brands that an interactive
19 sports wagering operator advertises, promotes, or otherwise holds out to the
20 public displaying its sports wagering platform.
- 21 (21) Sports wagering platform. – A website, mobile application, or other
22 interactive platform accessible via the internet, mobile, wireless, or similar
23 communication technology that a registered player may use to place sports
24 wagers authorized under this Article.
- 25 (22) Sports wagering supplier. – A person that provides services, goods, software,
26 or other components necessary for the creation of sports wagering markets
27 and determination of sports wager outcomes, directly or indirectly, to any
28 interactive sports wagering operator or service provider involved in the
29 acceptance of sports wagers, including any of the following: providers of data
30 feeds and odds services, internet platform providers, risk management
31 providers, integrity monitoring providers, entities engaged in facilitating or
32 enabling sports wagering activities on behalf of, or in affiliation with,
33 interactive sports wagering operators in places of public accommodation, and
34 other providers of sports wagering supplier services as determined by the
35 Commission. The term does not include a sports governing body that provides
36 raw statistical match data to one or more designated and licensed providers of
37 data and odds services.
- 38 (23) Tier one sports wager. – A sports wager that is determined solely by the final
39 score or final outcome of the sporting event and is placed before the sporting
40 event has begun.
- 41 (24) Tier two sports wager. – Any sports wager that is not a tier one sports wager.
- 42 (25) Tribal gaming enterprise. – A federally recognized Indian tribe that is
43 authorized to conduct Class III games in accordance with the federal Indian
44 Gaming Regulatory Act, 25 U.S.C. § 2701 et seq., in this State or a business
45 entity owned or controlled by such tribe. Any federally recognized tribe, or
46 business entity owned or controlled by the tribe, that is deemed an interactive
47 sports wagering operator under this Article shall include authorization for any
48 technology and sports wagering brand partners of the tribe or the business
49 entity owned or controlled by the tribe, subject to compliance with the terms
50 of this Article by the technology and sports wagering brand partners.

1 (26) Youth sports. – An event in which the majority of participants are under the
2 age of 18 or are competing on behalf or under the sponsorship of one or more
3 public or private preschool, elementary, middle, or secondary schools. The
4 term does not include the following:

5 a. Professional sports.

6 b. Sporting events that occur under the sponsorship or oversight of
7 national or international athletic bodies that are not educational
8 institutions and that include participants both over and under the age
9 of 18.

10 **"§ 18C-902. Authorization of sports wagering generally.**

11 (a) Notwithstanding any provision of Article 37 of Chapter 14 of the General Statutes,
12 sports wagering as authorized by this Article shall not be considered unlawful. All sports
13 wagering authorized under this Article shall be placed via an interactive account or at a place of
14 public accommodation and shall be initiated and received within this State except as provided in
15 G.S. 18C-928. The interactive sports wagering operator shall comply with all of the following:

16 (1) Ensure that the registered player is located within the State, and not present
17 on Indian lands within the State, when placing any sports wager, by utilizing
18 geofencing.

19 (2) Monitor and block attempts to place unauthorized sports wagers.

20 (b) This Article does not apply to interactive sports wagering conducted exclusively on
21 Indian lands by an Indian tribe operating in accordance with a Tribal-State gaming compact and
22 authorized to conduct Class III gaming pursuant to a compact with the State. For purposes of this
23 Article, sports wagering is conducted exclusively on Indian lands only if the individual who
24 places the sports wager is physically present on Indian lands when the sports wager is initiated
25 and received by an Indian tribe operating on the same Indian lands in accordance with a
26 Tribal-State gaming compact and in conformity with the safe harbor requirements as provided in
27 31 U.S.C. § 5362(10)(c).

28 (c) An interactive sports wagering operator licensed under G.S. 18C-904 shall not, by
29 virtue of such licensure, be authorized to accept any sports wager if the registered player placing
30 the sports wager is physically present on Indian lands when the sports wager is initiated and
31 received. An interactive sports wagering operator licensed under G.S. 18C-904 shall be
32 authorized to accept a sports wager only if the registered player placing the sports wager is
33 physically present in this State when the sports wager is initiated and received. Each interactive
34 sports wagering operator licensed under G.S. 18C-904 shall use geofencing approved by the
35 Commission to ensure compliance with this Article.

36 (d) Nothing in this Article shall authorize any of the following:

37 (1) Sports wagering involving youth sports.

38 (2) Sports wagering on any of the following:

39 a. The occurrence of injuries.

40 b. The occurrence of penalties.

41 c. The outcome of disciplinary proceedings against a participant in a
42 sporting event.

43 d. The outcome of replay reviews.

44 (3) The Commission serving as an operator of a sports wagering platform.

45 (4) The placing of a pari-mutuel wager.

46 (e) Nothing in this Article shall apply to fantasy or simulated games or contests in which
47 one or more fantasy contest players compete and winning outcomes reflect the relative
48 knowledge and skill of the fantasy contest players and are determined predominantly by
49 accumulated statistical results of the performance of individuals, including athletes in the case of
50 sporting events.

1 (f) Upon request and with reasonable notice, the Commission or the Department of
2 Revenue has the authority to audit any interactive sports wagering operator or its service
3 providers as related to sports wagering activities.

4 (g) Any sports governing body on whose sporting events sports wagering is authorized
5 by this Article may enter into commercial agreements with interactive sports wagering operators
6 or other entities in which the sports governing body may share in the amount bet from sports
7 wagering on sporting events of the sports governing body. A sports governing body is not
8 required to obtain a license or any other approval from the Commission to lawfully accept such
9 amounts.

10 (h) Nothing in this Chapter shall authorize the Commission to establish, require, or
11 enforce a maximum or minimum payout or hold percentage upon any interactive sports wagering
12 operator.

13 (i) All of the following persons are prohibited from engaging in sports wagering:

14 (1) Any person under the age of 21.

15 (2) Any person who has requested and not revoked a voluntary exclusion
16 designation from sports wagering pursuant to G.S. 18C-922.

17 (3) Any person who has been adjudicated by law as prohibited from engaging in
18 sports wagering.

19 (4) Any member or employee of the Commission when placing a sports wager in
20 this State.

21 (5) Any employee or key person of an interactive sports wagering operator or
22 service provider license when placing sports wagers with that interactive
23 sports wagering operator.

24 (6) With respect to a sporting event, any participant in that sporting event,
25 including an athlete, coach, trainer, official, or any employee or staff of a
26 participant, when placing a sports wager on that sporting event in which that
27 participant is participating.

28 (7) Any employee or staff of a sports governing body, when placing a sports
29 wager on sporting events with which that individual or sports governing body
30 is affiliated.

31 **§ 18C-903.** Reserved for future codification purposes.

32 **§ 18C-904. Interactive sports wagering license.**

33 (a) It shall be unlawful for any person to offer or accept sports wagers in this State without
34 a valid interactive sports wagering license. Except as provided in G.S. 18C-928, the Commission
35 shall authorize no more than 12 interactive sports wagering operators to offer and accept sports
36 wagers on sporting events, which shall include any of the following:

37 (1) Professional sports.

38 (2) College sports.

39 (3) Electronic sports.

40 (4) Amateur sports.

41 (5) Any other event approved by the Commission in accordance with this Article.

42 (b) The Commission shall review and issue sports wagering licenses to qualified
43 applicants. The applicant shall complete and submit an application on a form prescribed by the
44 Commission and a licensing fee of one million dollars (\$1,000,000). If the application is denied,
45 the licensing fee shall be refunded, minus five percent (5%) of the licensing fee which shall be
46 used by the Commission to offset associated expenses in reviewing the application.

47 (c) The application shall set forth all of the following:

48 (1) The proposed initial business plan, including the range of contemplated types
49 and modes of sports wagering.

50 (2) The proposed measures to address age and identity verification and
51 geolocation requirements.

- 1 (3) The proposed internal controls that will prevent ineligible persons from
2 participating in sports wagering.
- 3 (4) A documented history of working to prevent compulsive gambling, including
4 training programs for its employees.
- 5 (5) A written information security program detailing information security
6 governance and the designation of a chief security officer or equivalent.
- 7 (6) The proposed sports wagering brand that the applicant plans to hold out to the
8 public displaying its sports wagering platform.
- 9 (7) Any personal information the Commission may deem necessary concerning
10 the applicant's key persons.
- 11 (8) A documented history of job creation in this State and a plan for continued
12 job creation in this State.
- 13 (9) A documented history of capital investment in this State and a plan for
14 continued capital investment in this State.
- 15 (10) A documented history of partnership with a sports facility, if any, and the
16 intentions of that partnership to offer the placement of sports wagers at a place
17 of public accommodation in accordance with this Article.
- 18 (11) Any other information the Commission may deem necessary.

19 (d) Information provided to the Commission under subdivisions (8) through (10) of
20 subsection (c) of this section are informational in nature and intended to provide additional
21 insight regarding applicants who intend to operate a place of public accommodation.

22 (e) The Commission shall conduct a background investigation on the applicant and key
23 persons as deemed necessary by the Commission. The background investigation shall include a
24 credit history check, a tax record check, and a criminal history record check. In the event an
25 applicant and its key persons have had a completed criminal history record check in the 12
26 months prior to the application, the Commission may, in its discretion, accept the results of that
27 prior criminal history record check upon submission of an affidavit that there has been no change
28 in criminal history since the prior criminal history record check in this or any other state. The
29 Commission shall not award a license if an applicant or any key person of the applicant has been
30 convicted of a felony or any gambling offense in any state or federal court of the United States
31 within 10 years of application or renewal.

32 (f) An applicant for licensure and any key person deemed necessary by the Commission
33 shall consent to a criminal history record check and shall submit all necessary fingerprints.
34 Refusal to consent to a criminal history record check may constitute grounds for the Commission
35 to deny licensure.

36 (g) The Commission shall grant or deny all applications under this section. The grounds
37 for denial of an interactive sports wagering license shall be the same as in G.S. 18C-906(g). If
38 there are more qualified applicants than the number of interactive sports wagering operators
39 authorized under subsection (a) of this section, the Commission shall select the best qualified
40 applicants, taking into consideration the following factors:

- 41 (1) The contents of the application submitted in accordance with this section.
- 42 (2) The extent to which the applicant demonstrates past experience, financial
43 viability, compliance with applicable laws and regulations in other
44 jurisdictions, and success with sports wagering operations in other
45 jurisdictions.
- 46 (3) The extent to which the applicant is able to meet the duties of an interactive
47 sports wagering operator.
- 48 (4) The amount of gross wagering revenue and associated tax revenue that an
49 applicant is projected to generate.
- 50 (5) The extent to which the applicant, or an affiliate of the applicant, will create
51 jobs in conjunction with sports wagering in this State.

1 (6) The extent to which the applicant, or an affiliate of the applicant, has made
2 capital investments in this State, and the timing of such capital investments.

3 (7) The extent to which the applicant, or an affiliate of the applicant, has a plan to
4 open and operate a place of public accommodation in accordance with this
5 Article.

6 (8) Any other factors the Commission deems relevant.

7 (h) A person holding a license to conduct sports wagering, on the basis of comparable
8 licensing requirements issued to that person by a proper authority in another state or territory of
9 the United States or the District of Columbia if that jurisdiction's requirements for licensure,
10 certification, or registration are substantially equivalent to or exceed the requirements of this
11 State, and who, in the opinion of the Commission otherwise meets the requirements of this Article
12 based upon verified evidence may, upon application, be licensed as an interactive sports wagering
13 operator with or without further examination, as determined by the Commission. The
14 Commission may also accept another jurisdiction's or approved third party's testing of the
15 interactive sports wagering platform as evidence that the sports wagering platform meets any
16 requirements mandated by the Commission.

17 (i) The Commission shall review and issue interactive sports wagering licenses to
18 qualified applicants within 60 days of receipt of a completed application. The Commission may
19 extend the review period for an additional 30 days if the background investigation is outstanding.
20 Any denial shall be in writing and state the grounds therefor.

21 (j) Notwithstanding Chapter 132 of the General Statutes or any other provision of law,
22 except for G.S. 18C-916(b), only the following documents under this section shall be a public
23 record, with respect to each applicant and each interactive sports wagering operator:

24 (1) The name, address, and sports wagering platform.

25 (2) The names of all key persons.

26 (3) The documented history of working to prevent compulsive gambling,
27 including training programs for its employees.

28 (4) The proposed sports wagering brand that the applicant plans to hold out to the
29 public displaying its sports wagering platform.

30 (5) The granting or denial of the application.

31 (k) Each interactive sports wagering operator shall promptly report all criminal or
32 disciplinary proceedings commenced against that interactive sports wagering operator in
33 connection with its operations to the Commission. Each interactive sports wagering operator shall
34 promptly report to the Commission all changes in key persons, and all new key persons shall
35 consent to a background investigation.

36 (l) No interactive sports wagering operator license is assignable or transferable without
37 approval of the Commission and payment of the licensing fee in accordance with this section.

38 (m) Interactive sports wagering operators shall assure the financial integrity of sports
39 wagering operations by the maintenance of a reserve of not less than five hundred thousand
40 dollars (\$500,000) or the amount required to cover the outstanding liabilities for sports wagers
41 accepted by the interactive sports wagering operator, whichever is greater. The reserve may take
42 the form of a bond, an irrevocable letter of credit, payment processor reserves and receivables,
43 cash or cash equivalents segregated from operational funds, guaranty letter, a combination
44 thereof, or any other means as approved by the Commission. Such reserve shall be adequate to
45 pay winning sports wagers when due. An interactive sports wagering operator is presumed to
46 have met this requirement if the operator maintains, on a daily basis, a minimum reserve in an
47 amount which is at least equal to the average daily minimum reserve, calculated on a monthly
48 basis, for the corresponding month in the previous year. For purposes of this subsection,
49 "outstanding liabilities for sports wagers accepted by an interactive sports wagering operator"
50 shall mean the amounts accepted by the interactive sports wagering operator on sports wagers

1 whose outcomes have not been determined and amounts owed but unpaid on winning sports
2 wagers.

3 (n) The holder of an interactive sports wagering operator license shall be deemed to also
4 hold a service provider license and sports wagering supplier license under this Article for
5 services, goods, software, or components provided in-house.

6 (o) If an applicant for an interactive sports wagering license is a sports facility or team
7 that is a member of a league, association, or organization that prevents the sports facility or team
8 from being subject to the regulatory control of the Commission or from otherwise operating under
9 an interactive sports wagering license, the sports facility or team may contractually appoint a
10 designee approved by the Commission for all aspects of Commission oversight and operation.

11 "**§ 18C-905.** Reserved for future codification purposes.

12 "**§ 18C-906. Applications for service provider licenses.**

13 (a) It shall be unlawful for any person to provide covered services to any interactive
14 sports wagering operator in this State without a valid service provider license. An interactive
15 sports wagering operator who provides covered services in-house shall not be required to have a
16 service provider license in addition to the interactive sports wagering operator license.

17 (b) The Commission shall review and issue service provider licenses to qualified
18 applicants within 60 days of receipt of a completed application. The Commission may extend the
19 review period for an additional 30 days if the background investigation is outstanding. Any denial
20 shall be in writing and state the grounds therefor. The applicant shall submit the completed
21 application, on a form prescribed by the Commission, and the licensing fee of fifty thousand
22 dollars (\$50,000). If the application is denied, the licensing fee shall be refunded, minus five
23 percent (5%) of the licensing fee which shall be used by the Commission to offset associated
24 expenses in reviewing the application.

25 (c) The application shall set forth all of the following:

26 (1) The applicant's background in sports wagering or the covered service.

27 (2) All experience with sports wagering or other wagering activities in other
28 jurisdictions, including the applicant's history, reputation of integrity and
29 compliance, and a list of all active and inactive licenses, certifications, or
30 registrations and reasons for inactivity, if applicable.

31 (3) A written information security program, detailing information security
32 governance and the designation of a chief security officer or equivalent.

33 (4) Any personal information the Commission may deem necessary concerning
34 the applicant's key persons.

35 (5) Any other information the Commission may deem necessary.

36 (d) The Commission shall conduct a background investigation on the applicant and key
37 persons as deemed necessary by the Commission. The background investigation shall include a
38 credit history check, a tax record check, and a criminal history record check. In the event an
39 applicant and its key persons have had a completed criminal history record check in the 12
40 months prior to the application, the Commission may, in its discretion, accept the results of that
41 prior criminal history record check upon submission of an affidavit that there has been no change
42 in criminal history since the prior criminal history record check in this or any other state. The
43 Commission shall not award a license if the applicant or any key person of the applicant has been
44 convicted of a felony or any gambling offense in any state or federal court of the United States
45 within 10 years of application or renewal.

46 (e) An applicant for licensure and any key person deemed necessary by the Commission
47 shall consent to a criminal history record check and shall submit all necessary fingerprints.
48 Refusal to consent to a criminal history record check may constitute grounds for the Commission
49 to deny licensure.

50 (f) A person holding a service provider license or its equivalent, on the basis of
51 comparable licensing requirements issued to that person by a proper authority by another state or

1 territory of the United States or the District of Columbia if that jurisdiction's requirements for
2 licensure, certification, or registration are substantially equivalent to or exceed the requirements
3 of this State, and who, in the opinion of the Commission otherwise meets the requirements of
4 this Article based upon verified evidence may, upon application, be licensed as a service provider
5 with or without further examination, as determined by the Commission.

6 (g) Grounds for denial of a license may include the following:

7 (1) The applicant is unable to satisfy the requirements under this Article.

8 (2) The applicant or any key person is not of good character, honesty, or integrity.

9 (3) The applicant's or any key person's prior activities, criminal record, reputation,
10 or associations indicate any of the following:

11 a. A potential threat to the public interest.

12 b. The potential to impede the regulation of sports wagering.

13 c. The potential of promoting unfair or illegal activities in the conduct of
14 sports wagering.

15 (4) The applicant or any key person knowingly makes a false statement of
16 material fact or deliberately fails to disclose information requested by the
17 Commission.

18 (5) The applicant or any key person knowingly fails to comply with the provisions
19 of this Article or any requirements of the Commission.

20 (6) The applicant or any key person was convicted of a felony, a crime of moral
21 turpitude, or any criminal offense involving dishonesty or breach of trust
22 within the 10 years prior to the submission date of the application.

23 (7) Any revocation, suspension, or denial of the applicant's or key person's
24 license, certification, or registration to conduct sports wagering, other forms
25 of gambling activity, or a covered service issued by any other jurisdiction.

26 (8) The applicant has defaulted on any obligation or debt owed to this State.

27 (h) Notwithstanding Chapter 132 of the General Statutes or any other provision of law,
28 except for G.S. 18C-916(b), only the following documents under this section shall be a public
29 record, with respect to each applicant and each service provider:

30 (1) The name, address, and sports wagering platform.

31 (2) The name of all key persons.

32 (3) The granting or denial of the application.

33 (i) Each service provider shall promptly report all criminal or disciplinary proceedings
34 commenced against that service provider in connection with its operations to the Commission.
35 Each service provider shall promptly report all changes in key persons to the Commission, and
36 all new key persons shall consent to a background investigation.

37 (j) No service provider license is assignable or transferable without approval of the
38 Commission.

39 **"§ 18C-907. Sports wagering supplier license.**

40 (a) The Commission may issue a sports wagering supplier license to a sports wagering
41 supplier.

42 (b) At the request of an applicant for a sports wagering supplier license, the Commission
43 may issue a provisional sports wagering supplier license to the applicant so long as the applicant
44 has submitted a completed application in accordance with this section. A provisional license
45 issued under this subsection expires on the date provided by the Commission.

46 (c) A person may apply to the Commission for a sports wagering supplier license as
47 provided in this Article.

48 (d) The applicant shall complete and submit an application on a form prescribed by the
49 Commission and a licensing fee of thirty thousand dollars (\$30,000). If the application is denied,
50 the licensing fee shall be refunded, minus five percent (5%) of the licensing fee which shall be
51 used by the Commission to offset associated expenses in reviewing the application. In the

1 application, the Commission shall require applicants to disclose the identity of each of the
2 following:

3 (1) The applicant's principal owners who directly own ten percent (10%) or more
4 of the applicant.

5 (2) Each holding, intermediary, or parent company that directly owns fifteen
6 percent (15%) or more of the applicant.

7 (3) The applicant's board appointed CEO and CFO, or the equivalent as
8 determined by the Commission.

9 (4) Any other information the Commission may deem necessary.

10 (e) The Commission shall conduct a background investigation on the applicant, key
11 persons of the applicant, and current employees of the applicant, as deemed necessary by the
12 Commission. The background investigation shall include a credit history check, a tax record
13 check, and a criminal history record check. In the event an applicant and its key persons have
14 had a completed criminal history record check in the 12 months prior to the application, the
15 Commission may, in its discretion, accept the results of that prior criminal history record check
16 upon submission of an affidavit that there has been no change in criminal history since the prior
17 criminal history record check in this or any other state. The Commission may not award a license
18 if the applicant or a key person of the applicant has been convicted of a felony or any gambling
19 offense in any state or federal court of the United States within 10 years of application or renewal.

20 (f) An applicant for licensure and any key person deemed necessary by the Commission
21 shall consent to a criminal history record check and shall submit all necessary fingerprints.
22 Refusal to consent to a criminal history record check may constitute grounds for the Commission
23 to deny licensure.

24 (g) The Commission shall review and issue licenses to qualified applicants within 60 days
25 of receipt of a completed application. The Commission may extend the review period for an
26 additional 30 days if the background investigation is outstanding.

27 (h) In disclosing the principal owners of the applicant, the following shall apply:

28 (1) Governmental created entities, including statutory authorized pension
29 investment boards and Canadian Crown corporations, that are direct or
30 indirect shareholders of an applicant shall be waived in the applicant's
31 disclosure of ownership and control as determined by the Commission.

32 (2) Investment funds or entities registered with the Securities and Exchange
33 Commission, including Investment Advisors and entities under the
34 management of the Securities and Exchange Commission, that are direct or
35 indirect shareholders of the applicant shall be waived in the applicant's
36 disclosure of ownership and control as determined by the Commission.

37 (i) A sports wagering supplier license or a provisional sports wagering supplier license
38 shall be sufficient to offer the sports wagering services under this Article.

39 (j) A person holding a sports wagering supplier license or its equivalent, on the basis of
40 comparable licensing requirements issued to that person by a proper authority by another state or
41 territory of the United States or the District of Columbia if that jurisdiction's requirements for
42 licensure, certification, or registration are substantially equivalent to or exceed the requirements
43 of this State, and who, in the opinion of the Commission otherwise meets the requirements of
44 this Article based upon verified evidence may, upon application, be licensed as a sports wagering
45 supplier with or without further examination, as determined by the Commission.

46 (k) Each sports wagering supplier shall promptly report all criminal or disciplinary
47 proceedings commenced against that sports wagering supplier in connection with its operations
48 to the Commission. Each sports wagering supplier shall promptly report to the Commission all
49 changes in key persons, and all new key persons shall consent to a background investigation.

1 (l) Notwithstanding Chapter 132 of the General Statutes or any other provision of law,
2 except for G.S. 18C-916(b), only the following documents under this section shall be a public
3 record, with respect to each applicant and each sports wagering supplier:

4 (1) The name, address, and sports wagering platform.

5 (2) The name of all key persons.

6 (3) The granting or denial of the application.

7 (m) No sports wagering supplier license is assignable or transferable without approval of
8 the Commission and payment of the licensing fee in accordance with this section.

9 **"§ 18C-908. Renewals of licenses.**

10 (a) Any license issued pursuant to this Article shall be valid for five years.

11 (b) At least 60 days prior to the expiration of a license, the license holder shall submit a
12 renewal application, on a form prescribed by the Commission, including a renewal fee as follows:

13 (1) One million dollars (\$1,000,000) for an interactive sports wagering license.

14 (2) Fifty thousand dollars (\$50,000) for a service provider license.

15 (3) Thirty thousand dollars (\$30,000) for a sports wagering supplier license.

16 (c) The Commission may revoke or deny a license renewal for any of the following
17 reasons:

18 (1) The same grounds that would constitute denial of an initial application under
19 G.S. 18C-906(g).

20 (2) A violation of this Article or a pattern of noncompliance with rules or
21 directives promulgated by the Commission.

22 (3) A violation of Article 2E of Chapter 105 of the General Statutes.

23 (4) The Commission's previous decision to suspend or impose civil penalties on
24 the licensee.

25 (d) With respect to interactive sports wagering operators, the Commission may deny a
26 license renewal if the Commission finds good cause that the licensee has materially not complied
27 with the provisions of this Article.

28 (e) The Commission may, in its discretion, require an annual attestation of compliance
29 from licensees. The Commission shall prescribe the form, method, and deadline of the attestation
30 of compliance. To the extent a licensee identifies any instance of technical or material
31 noncompliance in its annual attestation of compliance, it shall also submit a remedial or
32 mitigation plan for the Commission's consideration.

33 **"§ 18C-909. Use of proceeds.**

34 (a) The Commission shall use the funds remitted to it pursuant to G.S. 105-113.128 and
35 any proceeds from license fees collected under this Article and Article 10 of this Chapter to cover
36 expenses in administering this Article. Any proceeds remaining at the end of each fiscal year
37 after payment of expenses of the Commission pursuant to this section shall be remitted to the
38 General Fund, however, the Commission may retain an amount reasonably necessary to cover
39 future expenses of the Commission related to administering the provisions of this Article and
40 Article 10 of this Chapter, the total of which, including the amount authorized to be retained
41 under G.S. 18C-1010(c), may not exceed the total expenses of the Commission related to
42 administering the provisions of this Article and Article 10 of this Chapter during the previous
43 quarter of the fiscal year.

44 (b) Expenses of the Commission shall include all items listed in G.S. 18C-163.

45 **"§ 18C-910. Duties of licensees.**

46 (a) The interactive sports wagering operator and its service providers shall make
47 commercially reasonable efforts to do all of the following:

48 (1) Prevent persons who are not registered players from placing sports wagers
49 through its sports wagering platform.

50 (2) Prevent persons who are not physically located in the State from placing a
51 wager through its sports wagering platform.

- 1 (3) Protect the confidential information of registered players using its sports
2 wagering platform.
- 3 (4) Prevent sports wagering on prohibited events set forth in this Article or as
4 otherwise determined by the Commission.
- 5 (5) Prevent persons from placing sports wagers as agents or proxies for others.
- 6 (6) Allow persons to voluntarily exclude themselves under G.S. 18C-922 from
7 placing sports wagers through its sports wagering platform as set forth in this
8 Article.
- 9 (7) Establish procedures to detect suspicious or illegal sports wagering activity.
- 10 (8) Provide for the reporting of income tax on winnings where required by
11 applicable State or federal law.
- 12 (9) Prevent a participant in a sporting event, including an athlete, coach, trainer,
13 official, or any employee or staff of a participant from placing a sports wager
14 on that sporting event in which the participant is participating.
- 15 (10) Verify the location of the sports wagerer at the time the sports wager is
16 initiated and received for compliance with G.S. 18C-902(c).
- 17 (b) For three years after a sporting event occurs, interactive sports wagering operators
18 shall maintain records on all of the following:
- 19 (1) Each sports wager, including the identity of the registered player placing the
20 sports wager.
- 21 (2) The amount, type, time, location, and outcome of the sports wager, including
22 the IP address, if available.
- 23 (3) Suspicious or illegal sports wagering activity.
- 24 (c) The interactive sports wagering operator shall disclose the records described in
25 subsection (b) of this section to the Commission upon request.
- 26 (d) If a sports governing body has notified the Commission that real-time information
27 sharing for sports wagers placed on its sporting events is necessary, interactive sports wagering
28 operators shall share with that sports governing body or its designee in real time, at the account
29 level, anonymized information regarding a registered player, amount and type of sports wager,
30 the time the sports wager was placed, the location of the registered player at the time the sports
31 wager was placed, the IP address if applicable, the outcome of the sports wager, and records of
32 abnormal sports wagering activity. For purposes of this subsection, real time means on a
33 commercially reasonable periodic interval, but in any event, not less than once every 72 hours.
34 A sports governing body receiving any information pursuant to this subsection shall use the
35 information for the purpose of integrity monitoring only and not for any commercial purpose.
- 36 (e) The interactive sports wagering operator and their agents shall ensure that all
37 advertisements and marketing of sports wagers, the sports wagering platform, and other sports
38 wager related commercial offerings meet all of the following requirements:
- 39 (1) It does not target persons under the age of 21.
- 40 (2) It discloses the identity of the interactive sports wagering operator.
- 41 (3) It provides information about or links to resources related to gambling
42 addiction and prevention.
- 43 (4) It is not misleading to a reasonable person.
- 44 (5) It satisfies the rules and requirements promulgated by the Commission.
- 45 (f) Background investigations shall search for criminal history and any charges or
46 convictions involving corruption or manipulation of sporting events and association with
47 organized crime.
- 48 (g) Interactive sports wagering operators and service providers shall employ
49 commercially reasonable methods to maintain the security of wagering data, registered player
50 and other customer data, and any other confidential information, including information provided
51 by a sports governing body, from unauthorized access and dissemination. All servers necessary

1 to the placement or resolution of a sports wager, other than back-up servers, shall be physically
2 located in this State. Consistent with federal law, nothing in this section shall preclude the use of
3 internet or cloud-based hosting, or the use of back-up servers located outside of this State.

4 (h) Each interactive sports wagering operator shall provide a daily summary of all sports
5 wagering activity, detailing all transactions processed through each wagering system, provided
6 in a format established by the Commission, at the close of each business day.

7 (i) An interactive sports wagering operator may not, as a condition of use of its sports
8 wagering platform, require a registered player to waive any right, forum, or procedure otherwise
9 available to the registered player under State or federal law. All agreements between an
10 interactive sports wagering operator and a registered player shall be governed by State law. The
11 State and federal courts located in North Carolina shall serve as the exclusive venue for all such
12 disputes.

13 "§ 18C-911. Reserved for future codification purposes.

14 "§ 18C-912. Establishment of interactive accounts.

15 (a) Only a registered player shall be permitted to establish an interactive account with an
16 interactive sports wagering operator. The interactive sports wagering operator is responsible for
17 verifying the identity of the registered player and ensuring that the registered player is at least 21
18 years of age. The registered player shall be permitted to deposit cash or cash equivalents into the
19 interactive account.

20 (b) A registered player may not have more than one interactive account with each
21 interactive sports wagering operator.

22 (c) An interactive account shall meet all of the following requirements:

23 (1) Be registered in the name of the registered player, who is a natural person.

24 (2) Be established through the interactive sports wagering operator's sports
25 wagering platform.

26 (3) Be funded with cash or cash equivalents.

27 (4) Prohibit the transfer or sale of an account or account balance.

28 (5) Prohibit the use of any virtual private network or other technology that may
29 obscure or falsify the registered player's physical location.

30 (6) Prohibit any form of collusion, cheating, or other unlawful activity.

31 (7) Affirm that the registered player meets all eligibility requirements for
32 registration.

33 (8) Authorize the provision of notices and other required communications either
34 through a designated mobile or other interface or to an electronic mail address
35 designated by the registered player.

36 (9) Meet or exceed minimum requirements identified by the Commission,
37 including technical requirements related to data privacy, data security, and
38 sports wagering platform features to support responsible sports wagering.

39 (d) The interactive sports wagering operator shall put in place sufficient measures to
40 verify the age and identity of the registered player needed to allow the establishment of
41 interactive accounts remotely.

42 (e) An interactive account held by a registered player in this State may be suspended or
43 terminated by the interactive sports wagering operator under any of the following conditions:

44 (1) The registered player has provided any false or misleading information in
45 connection with the opening of the account, or has engaged in collusion,
46 cheating, or other unlawful conduct.

47 (2) The registered player is barred from placing sports wagers in the State.

48 (3) The registered player is or otherwise becomes ineligible pursuant to this
49 Article.

50 (4) For any other reason at the sole discretion of the interactive sports wagering
51 operator, provided it is not in violation of federal or State law.

1 (f) In the event of termination of the interactive account in accordance with this section,
2 the registered player shall be provided timely ability to access and withdraw any funds remaining
3 in the interactive account.

4 "§ 18C-913. Reserved for future codification purposes.

5 "§ 18C-914. Integrity of competition and prohibited events.

6 (a) A sports governing body may submit to the Commission in writing a request to
7 restrict, limit, or exclude a certain type, form, or category of sports wagering with respect to
8 sporting events of such body, if the sports governing body believes that such type, form, or
9 category of sports wagering with respect to sporting events of such body may undermine the
10 integrity or perceived integrity of such body or sporting events of such body. The Commission
11 shall request comment from interactive sports wagering operators on all such requests. After
12 giving due consideration to all comments received, the Commission shall, upon a demonstration
13 of good cause from the requestor that such type, form, or category of sports wagering is likely to
14 undermine the integrity or perceived integrity of such body or sporting events of such body, grant
15 the request. The Commission shall respond to a request concerning a particular event before the
16 start of the event, or if it is not feasible to respond before the start of the event, no later than seven
17 days after the request is made. If the Commission determines that the requestor is more likely
18 than not to prevail in successfully demonstrating good cause for its request, the Commission may
19 provisionally grant the request of the sports governing body until the Commission makes a final
20 determination as to whether the requestor has demonstrated good cause. Absent such a
21 provisional grant by the Commission, interactive sports wagering operators may continue to offer
22 sports wagering on sporting events that are the subject of such a request during the pendency of
23 the Commission's consideration of the applicable request.

24 (b) The Commission and interactive sports wagering operators shall cooperate with
25 investigations conducted by sports governing bodies or law enforcement agencies, including
26 using commercially reasonable efforts to provide or facilitate the provision of sports wagering
27 information. All disclosures under this section are subject to an interactive sports wagering
28 operator's obligations to comply with all federal, State, and local laws and regulations, including
29 those relating to privacy and personally identifiable information.

30 (c) Interactive sports wagering operators are not required to use official league data for
31 determining any of the following:

- 32 (1) The results of tier one sports wagers on sporting events of any organization
33 whether headquartered in the United States or elsewhere.
34 (2) The results of tier two sports wagers on sporting events of organizations that
35 are not headquartered in the United States.

36 (d) A sports governing body may notify the Commission that it desires interactive sports
37 wagering operators to use official league data to settle tier two sports wagers on sporting events
38 of such sports governing body. Notification shall be made in the form and manner as the
39 Commission may require. The Commission shall notify each interactive sports wagering operator
40 of a sports governing body's notification within five days of the Commission's receipt of the
41 notification. If a sports governing body does not so notify the Commission, an interactive sports
42 wagering operator is not required to use official league data for determining the results of tier
43 two sports wagers on sporting events of that sports governing body.

44 (e) Within 60 days of the Commission notifying each interactive sports wagering
45 operator of a sports governing body notification to the Commission, or longer period as may be
46 agreed between the sports governing body and the applicable interactive sports wagering
47 operator, interactive sports wagering operators shall use only official league data to determine
48 the results of tier two sports wagers on sporting events of that sports governing body, unless any
49 of the following apply:

- 50 (1) The sports governing body or its designee cannot provide a feed of official
51 league data to determine the results of a particular type of tier two sports

1 wager, in which case interactive sports wagering operators are not required to
2 use official league data for determining the results of the applicable tier two
3 sports wager until such time as such a data feed becomes available from the
4 sports governing body on commercially reasonable terms and conditions.

5 (2) An interactive sports wagering operator can demonstrate to the Commission
6 that the sports governing body or its designee will not provide a feed of official
7 league data to the interactive sports wagering operator on commercially
8 reasonable terms and conditions.

9 (3) The designee of the sports governing body does not obtain a sports wagering
10 supplier license from the Commission to provide official league data to
11 interactive sports wagering operators to determine the results of tier two sports
12 wagers, if and to the extent required by law.

13 (f) During the pendency of the Commission's determination as to whether a sports
14 governing body or its designee will provide a feed of official league data on commercially
15 reasonable terms, an interactive sports wagering operator is not required to use official league
16 data for determining the results of tier two sports wagers. The Commission's determination shall
17 be made within 60 days of the interactive sports wagering operator notifying the Commission
18 that it desires to demonstrate that the sports governing body or its designees will not provide a
19 feed of official league data to the sports wagering operator on commercially reasonable terms.
20 The following is a non-exclusive list of factors the Commission may consider in evaluating
21 whether official league data is being offered on commercially reasonable terms and conditions
22 for purposes of this subsection and subsections (d) and (e) of this section:

23 (1) The extent to which interactive sports wagering operators have purchased the
24 same or similar official league data on the same or similar terms, particularly
25 in jurisdictions where such purchase was not required by law, or was required
26 by law, but only if offered on commercially reasonable terms.

27 (2) The nature and quantity of the official league data, including its speed,
28 accuracy, reliability, and overall quality, as compared to comparable
29 non-official data.

30 (3) The quality and complexity of the process used to collect and distribute the
31 official league data as compared to comparable non-official data.

32 (4) The availability of a sports governing body's tier two official league data to an
33 interactive sports wagering operator from more than one authorized source.

34 (5) Market information, including price and other terms and conditions, regarding
35 the purchase by interactive sports wagering operators of comparable data for
36 the purpose of settling sports wagers in this State and other jurisdictions.

37 (6) The extent to which sports governing bodies or their designees have made data
38 used to settle tier two sports wagers available to interactive sports wagering
39 operators and any terms and conditions relating to the use of that data.

40 (7) Any other information the Commission deems relevant.

41 (g) Interactive sports wagering operators shall, as soon as practicable, report to the
42 Commission any information relating to abnormal betting activity or patterns that may indicate
43 a concern with the integrity of a sporting event or events, or any other conduct that corrupts a
44 sports wagering outcome of a sporting event or events for purposes of financial gain, including
45 match fixing. The interactive sports wagering operator making such a report shall also
46 simultaneously report such information to the relevant sports governing body.

47 "§ 18C-915. Reserved for future codification purposes.

48 "§ 18C-916. Civil penalties; suspension and revocation of licenses.

49 (a) If the Commission determines that the holder of a license under this Article has
50 violated any provision of this Article, the Commission, with at least 15 days' notice and a hearing,
51 may do either or both of the following:

- 1 (1) Suspend or revoke the license.
2 (2) Impose a monetary penalty of not more than ten thousand dollars (\$10,000)
3 for each violation.
4 (b) Nonpublic record documents and materials that applicants and licensees submit to the
5 Commission shall become public record if such materials are specifically identified by the
6 Commission as providing a basis for a civil penalty, license suspension, license revocation, or
7 other formal or informal enforcement action undertaken by the Commission against the licensee.
8 "§ 18C-917. Reserved for future codification purposes.
9 "§ 18C-918. Criminal penalties.
10 (a) Any person who knowingly offers or engages in sports wagering in violation of this
11 Article shall be guilty of a Class 2 misdemeanor.
12 (b) Any person under the age of 21 who engages in sports wagering as defined under this
13 Article shall be guilty of a Class 2 misdemeanor.
14 (c) Any person who knowingly attempts to suborn, collude, or otherwise conspire to
15 influence the outcome of any competition or aspect of any competition that is the subject of sports
16 wagering pursuant to this Article shall be guilty of a Class G felony.
17 (d) Any applicant for an interactive sports wagering license, a service provider license,
18 or sports wagering supplier license who willfully furnishes, supplies, or otherwise gives false
19 information on the license application shall be guilty of a Class I felony.
20 (e) Nothing in this Article shall be construed to allow the interactive sports wagering
21 operator or its service providers to be charged with a violation of subsection (a) or (c) of this
22 section absent actual notice and knowledge that a person is under age or giving false information.
23 "§ 18C-919. Reserved for future codification purposes.
24 "§ 18C-920. Reserved for future codification purposes.
25 "§ 18C-921. Reserved for future codification purposes.
26 "§ 18C-922. Voluntary exclusion program.
27 (a) The Commission shall establish a voluntary exclusion program for any individual to
28 voluntarily exclude themselves from placing sports wagers under this Article and pari-mutuel
29 wagers under Article 10 of this Chapter. Licensees under this Article and Article 10 of this
30 Chapter shall use reasonable means to comply with the exclusion of individuals participating in
31 the voluntary exclusion program by the Commission.
32 (b) The Commission shall adopt rules to establish the voluntary exclusion program,
33 which shall provide for all of the following:
34 (1) Verification of the individual's request to be placed in the voluntary exclusion
35 program, and for how long, up to and including that individual's lifetime.
36 (2) How information regarding which individuals are in the voluntary exclusion
37 program is to be disseminated to licensees under this Article and Article 10 of
38 this Chapter.
39 (3) How an individual in the voluntary exclusion program may petition the
40 Commission for removal from the voluntary exclusion program.
41 (4) The means by which licensees under this Article and Article 10 of this Chapter
42 and their agents shall make all reasonable efforts to cease direct marketing
43 efforts to individuals participating in the voluntary exclusion program.
44 (5) The means by which the Commission shall make available to all licensees
45 under this Article and Article 10 of this Chapter and their agents the names of
46 the individuals participating in the voluntary exclusion program, which shall
47 be at least quarterly.
48 (c) Participation in the voluntary exclusion program shall not preclude licensees under
49 this Article and Article 10 of this Chapter and their agents from seeking the payment of a debt
50 accrued by the individual while not participating in the voluntary exclusion program.

1 (d) The voluntary exclusion program shall be exempt from Chapter 132 of the General
2 Statutes and shall be treated as confidential by each licensee under this Article and Article 10 of
3 this Chapter. Licensees under this Article and Article 10 of this Chapter conducting sports
4 wagering or pari-mutuel wagering in another state may share the information provided under this
5 section with its agents and affiliates in other states for excluding individuals participating in the
6 voluntary exclusion program.

7 "§ 18C-923. Reserved for future codification purposes.

8 "§ 18C-924. Risk management.

9 The Commission shall adopt rules permitting, but not requiring, interactive sports wagering
10 operators and their service providers to employ systems that offset loss or manage or lay off risk
11 in the operation of sports wagering pursuant to this Article, including through liquidity pools,
12 exchanges, or similar mechanisms in another approved jurisdiction in which the interactive sports
13 wagering operator, service provider, or an affiliate of either or other third party also holds a
14 license or the equivalent, provided that at all times adequate protections are maintained to ensure
15 sufficient funds are available to pay all winnings.

16 "§ 18C-925. Reserved for future codification purposes.

17 "§ 18C-926. Places of public accommodation.

18 (a) Permanent places of public accommodation for the purpose of placing sports wagers
19 may be associated with each sports facility. Each sports facility may partner with one interactive
20 sports wagering operator to provide places of public accommodation.

21 (b) Permanent places of public accommodation permitted under this section shall be
22 located as follows:

23 (1) On the property of the sports facility.

24 (2) No more than one place of public accommodation may be on other property
25 owned or controlled by the owner or operator of the sports facility or an
26 affiliated entity of the owner or operator of the sports facility that is located
27 within a one-half mile radius of a sports facility as defined in
28 G.S. 18C-901(17)a. or G.S. 18C-901(17)c.

29 (3) No more than one place of public accommodation may be on other property
30 owned or controlled by the owner or operator of the sports facility that is
31 located within a one and one-half mile radius of a sports facility as defined in
32 G.S. 18C-901(17)b.

33 (c) Nothing in this section shall be construed to exempt a place of public accommodation
34 from the provisions of any other law that may be enforceable.

35 (d) Mobile devices, computer terminals, similar devices, and cashiers used to operate the
36 place of public accommodation shall have the ability to accept cash and cash equivalents and to
37 distribute cash or cash equivalents. Only a cashier may distribute cash or cash equivalents at a
38 place of public accommodation. All cashiers that accept or distribute cash or cash equivalents
39 shall be employees of an interactive sports wagering operator.

40 (e) A place of public accommodation under this section may be advertised by the owner
41 or operator of the sports facility. Such advertisements shall comply with the requirements listed
42 in G.S. 18C-910(e).

43 (f) Notwithstanding subsections (a) through (c) of this section, if a permanent place of
44 public accommodation is not located at the sports facility as defined in G.S. 18C-901(17)b. that
45 hosts the professional golf tournament, no more than one temporary place of public
46 accommodation may be established at the sports facility as defined in G.S. 18C-901(17)b. during
47 the professional golf tournament. The temporary place of public accommodation need not
48 comply with local ordinances under Chapter 160D of the General Statutes. For purposes of this
49 subsection, "temporary" shall mean opening no more than five calendar days prior to the
50 professional golf tournament and closing no later than five calendar days after the professional
51 golf tournament.

1 (g) The Commission may adopt rules as necessary governing the placement of any place
2 of public accommodation on the property of a sports facility.

3 "§ 18C-927. Reserved for future codification purposes.

4 "§ 18C-928. Compliance with federal law; Indian gaming.

5 (a) Consistent with the intent of the United States Congress as articulated in the Unlawful
6 Internet Gambling Enforcement Act of 2006 (31 U.S.C. § 5361 et seq.), the intermediate routing
7 of electronic data relating to intrastate sports wagering authorized under this Article shall not
8 determine the location or locations in which such sports wagers are initiated and received.

9 (b) All activities authorized by this Article shall be deemed to be conducted solely under
10 the authority of this Article and not under the federal Indian Gaming Regulatory Act, 25 U.S.C.
11 § 2701 et seq.

12 (c) A tribal gaming enterprise shall be deemed a licensed interactive sports wagering
13 operator upon the occurrence of all of the following:

14 (1) Submission of a completed application to the Commission.

15 (2) Agreement by the tribal gaming enterprise, in a form as prescribed by the
16 Commission, to all of the following:

17 a. Adherence to the requirements of this Article and to the regulations
18 adopted by the Commission with respect to sports wagering.

19 b. Submission to the Commission's enforcement of this Article and any
20 implementation of the rules, including waiver of any applicable tribal
21 sovereign immunity for the sole and limited purpose of such
22 enforcement.

23 c. Adherence to the requirements of Article 2E of Chapter 105 of the
24 General Statutes.

25 d. Not offering or conducting any interactive gambling other than the
26 sports wagering authorized by this Article unless specifically
27 otherwise authorized by law.

28 e. Location of any server or other information technology equipment
29 directly related to the placing of sports wagers that is used by the tribal
30 gaming enterprise and its agents to accept sports wagering authorized
31 by this Article on land that is not Indian lands. Upon request, make
32 accessible any server or other information technology equipment
33 directly related to the placing of sports wagers by the Commission, the
34 Department of Revenue, and State law enforcement. The location of
35 all other technology and servers used by a tribal gaming enterprise in
36 connection with sports wagering authorized by this Article shall be
37 approved by the Commission.

38 (d) Any federally recognized tribe, or business entity owned or controlled by the tribe,
39 that is deemed an interactive sports wagering operator under this Article shall include
40 authorization for any technology and sports wagering brand partners of the tribe or the business
41 entity owned or controlled by the tribe, subject to compliance with the terms of this Article by
42 the technology and sports wagering brand partners. A tribal gaming enterprise deemed an
43 interactive sports wagering operator under this section shall not count toward the total number of
44 authorized interactive sports wagering operators in this State in accordance with G.S. 18C-904."

45 **SECTION 2.** Article 10 of Chapter 143B of the General Statutes is amended by
46 adding a new Part to read:

47 "Part 2L. North Carolina Major Events, Games, and Attractions Fund.

48 "§ 143B-437.110. Legislative findings and purpose.

49 The General Assembly finds that:

50 (1) It is the policy of the State of North Carolina to stimulate economic activity
51 and to create new jobs for the citizens of the State by encouraging and

1 promoting the attraction of major events to the State that spur economic
2 activity by attracting out-of-state visitors to the State and thereby promoting
3 the travel and tourism industries within the State.

4 (2) The purpose of this Part is to stimulate economic activity and to create new
5 jobs within the State.

6 (3) The enactment of this Part will maintain consistency and accountability in a
7 key economic development program and will ensure that the program benefits
8 the State and its citizens.

9 (4) Nothing in this Part shall be construed to constitute a guarantee or assumption
10 by the State of any debt of any business or to authorize the taxing power or
11 the full faith and credit of the State to be pledged.

12 **"§ 143B-437.111. Definitions.**

13 The following definitions apply in this Part:

14 (1) Fund. – The North Carolina Major Events, Games, and Attractions Fund
15 established under G.S. 143B-437.112.

16 (2) Local entity. – A city, county, or local organizing committee.

17 (3) Local organizing committee. – A nonprofit corporation or its successor in
18 interest that satisfies one of the following conditions:

19 a. It has been authorized by a city, county, or more than one city or
20 county acting collectively to pursue an application and bid on the
21 applicant's behalf to a site selection organization for selection as the
22 site of a major event.

23 b. With the authorization of a city, county, or more than one city or
24 county acting collectively, it has executed an agreement with a site
25 selection organization regarding a bid to host a major event.

26 (4) Major event. – An entertainment, musical, political, sporting, or theatrical
27 event that satisfies the following conditions:

28 a. The event is either of the following:

29 1. Held at a sports facility.

30 2. Sponsored by the National Association for Stock Car Racing,
31 the Ladies Professional Golf Association, the Professional
32 Golfers' Association of America, the PGA Tour, or the United
33 States Golf Association.

34 b. The event is not held more often than annually.

35 c. The location of the event is determined by a site selection organization
36 through a competitive process.

37 d. The site selection organization considered multiple sites located
38 outside of the State for the event.

39 e. The site selection organization selected a site within this State as the
40 sole location for the event.

41 (5) Site selection organization. – The organization responsible for determining
42 the site of a major event.

43 (6) Sports facility. – As defined in G.S. 18C-901.

44 **"§ 143B-437.112. North Carolina Major Events, Games, and Attractions Fund.**

45 (a) There is established the North Carolina Major Events, Games, and Attractions Fund
46 to be administered by the Department. In order to foster job creation and investment in the
47 economy of this State, the Department may enter into multiparty agreements with site selection
48 organizations and local entities to provide grants in accordance with the provisions of this Part.
49 Before entering into an agreement, the Department must find that all of the following conditions
50 are met:

- 1 (1) The economic activity directly or indirectly attributable to the major event is
2 sufficient to justify the use of State funds to attract or retain the event in this
3 State.
- 4 (2) It is anticipated that the major event will provide positive media exposure for
5 the State, thereby supplementing the State's efforts to promote travel and
6 tourism within the State.
- 7 (3) The site selection organization must have considered multiple sites located
8 outside of the State for the event.
- 9 (4) The site selection organization has selected a site within this State as the sole
10 location for the event.
- 11 (5) The event is not held more often than annually.
- 12 (6) The project will benefit the people of this State by increasing opportunities for
13 employment and by strengthening this State's economy.
- 14 (7) The project is consistent with economic development goals for the State and
15 for the area where it will be located.
- 16 (8) A grant under this Part is necessary to attract or retain the major event within
17 this State.
- 18 (9) The total benefits of the major event to the State outweigh its costs and render
19 the grant appropriate for the major event.

20 (b) Effective July 1 of each calendar year, the funds remitted to the Fund by the Secretary
21 of Revenue from the tax on sports wagering pursuant to G.S. 105-113.128 are appropriated for
22 this purpose. In addition to the amounts remitted to the Fund pursuant to G.S. 105-113.128, the
23 General Assembly shall determine any additional amount appropriated to the Fund. Agreements
24 entered under this section are subject to appropriations.

25 **"§ 143B-437.113. Applications; reports; study.**

26 (a) Application. – A local entity shall apply to the Department for a grant on a form
27 prescribed by the Department that includes at least all of the following:

- 28 (1) The name or nature of the major event.
- 29 (2) A complete listing of all local entities associated with the application.
- 30 (3) To the extent known by the local entity, information concerning other
31 locations, including locations in other states and countries, being considered
32 for the major event and the nature of any governmental assistance available to
33 support the major event were it to be located in one of those locations.
- 34 (4) Information concerning any other State or local government assistance for
35 which the local entity is applying or that it has an expectation of receiving.
- 36 (5) Any other information necessary for the Department to evaluate the
37 application.

38 (b) Annual Reports. – The Department shall publish a report on the Fund on or before
39 April 30 of each year. The Department shall submit the report electronically to the House of
40 Representatives Finance Committee, the Senate Finance Committee, the House of
41 Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate
42 Appropriations Committee on Natural and Economic Resources, and the Fiscal Research
43 Division. The report shall include all of the following:

- 44 (1) A listing of each grant awarded under this Part during the preceding calendar
45 year.
- 46 (2) An update on the status of major events for which grants have been awarded
47 but that have not yet occurred.
- 48 (3) For the first annual report after adoption of the guidelines developed by the
49 Department to implement this Part, a copy of the guidelines, and for
50 subsequent reports, identification of any changes to those guidelines from the
51 previous annual report.

- 1 (a) It shall be unlawful for any person to offer or accept advance deposit account wagers
2 in this State unless such person is an ADW licensee.
- 3 (b) Any person desiring to accept, or offer to accept, advance deposit account wagers as
4 an ADW licensee in this State shall submit an application on a form prescribed by the
5 Commission along with an application fee of one million dollars (\$1,000,000).
- 6 (c) The application shall contain the following information:
- 7 (1) The name and address of the applicant.
- 8 (2) If the applicant is a business entity, the state of the entity's incorporation or
9 organization, the full name and address of each officer or director, and, if a
10 foreign business entity, whether it is qualified to do business in this State.
- 11 (3) The name and address of each shareholder, member, or partner of the business
12 entity constituting a majority of the ownership and each person who has
13 contracted for a pecuniary interest in the applicant that individually or
14 collectively constitute majority ownership.
- 15 (4) A description of the means through which pari-mutuel wagers will be offered,
16 accepted, and processed.
- 17 (5) Whether the annual fee required under G.S. 18C-1010 will be paid on a fiscal
18 year basis or a calendar year basis; and if on a fiscal year basis, the dates of
19 the fiscal year.
- 20 (6) Information relating to the financial responsibility of the applicant as the
21 Commission deems necessary.
- 22 (7) Any other information the Commission may deem necessary.
- 23 (d) The Commission shall conduct a background investigation on the applicant and any
24 person required to be disclosed on the application; such individuals shall consent to a background
25 check. The background investigation shall include a credit history check, a tax record check, and
26 a criminal history record check. In the event an applicant and its key persons have had a
27 completed criminal history record check in the 12 months prior to the application, the
28 Commission may, in its discretion, accept the results of that prior criminal history record check
29 upon submission of an affidavit that there has been no change in criminal history since the prior
30 criminal history record check in this or any other state. The Commission may not award a license
31 if the applicant or a person required to be disclosed on the application has been convicted of a
32 felony or any gambling offense in any state or federal court of the United States within 10 years
33 of the application.
- 34 (e) The Commission shall grant or deny all applications under this section. Licenses
35 issued pursuant to this section are valid for five years. To renew an existing license, an ADW
36 licensee shall submit an application in accordance with this section no later than 60 days prior to
37 the expiration of the current license, along with the application fee, to the Commission.
- 38 (f) The Commission shall review each ADW licensee annually to ensure that each
39 licensee is acting in accordance with this Article and any rules adopted by the Commission
40 pursuant to this Article. If the Commission determines that an ADW licensee is in violation of
41 this Article or any rules adopted pursuant to this Article, the Commission may suspend or revoke
42 the license of the ADW licensee.
- 43 (g) A person holding an ADW licensee license or its equivalent, on the basis of
44 comparable licensing requirements issued to that person by a proper authority by another state or
45 territory of the United States or the District of Columbia if that jurisdiction's requirements for
46 licensure, certification, or registration are substantially equivalent to or exceed the requirements
47 of this State, and who, in the opinion of the Commission, otherwise meets the requirements of
48 this Article based upon verified evidence may, upon application, be licensed as an ADW licensee
49 with or without further examination, as determined by the Commission.

50 "§ 18C-1006. Reserved for future codification purposes.

51 "§ 18C-1007. Reserved for future codification purposes.

1 "§ 18C-1008. Reserved for future codification purposes.

2 "§ 18C-1009. Reserved for future codification purposes.

3 "§ 18C-1010. Annual fee for ADW licensees.

4 (a) Each ADW licensee shall pay an annual fee to the Commission in order to maintain
5 their license. The fee is one percent (1%) of the total pari-mutuel wagers placed by residents of
6 this State accepted by the ADW licensee in the applicable year.

7 (b) The fee shall be paid within four calendar weeks of the close of the ADW licensee's
8 fiscal or calendar year. The ADW licensee shall designate whether the annual fee required under
9 this section is payable on a fiscal year basis or a calendar year basis at the time the ADW licensee
10 applies for a license under G.S. 18C-1005. Once made, the designation is irrevocable during the
11 term of the license.

12 (c) The proceeds of any application fees and annual fees collected under this Article shall
13 be used to offset the cost of administering the provisions of this Article and Article 9 of this
14 Chapter. Any proceeds remaining at the end of each fiscal year after payment of expenses of the
15 Commission pursuant to this section shall be remitted to the General Fund, however, the
16 Commission may retain an amount reasonably necessary to cover future expenses of the
17 Commission related to administering the provisions of this Article and Article 9 of this Chapter,
18 the total of which, including the amount authorized to be retained under G.S. 18C-909, may not
19 exceed the total expenses of the Commission related to administering the provisions of this
20 Article and Article 9 of this Chapter during the previous quarter of the fiscal year.

21 (d) The Commission may suspend or revoke the license of an ADW licensee for failure
22 to timely pay the annual fee required under this section.

23 "§ 18C-1011. Reserved for future codification purposes.

24 "§ 18C-1012. Reserved for future codification purposes.

25 "§ 18C-1013. Reserved for future codification purposes.

26 "§ 18C-1014. Reserved for future codification purposes.

27 "§ 18C-1015. Wagering.

28 (a) An individual resident of this State desiring to place pari-mutuel wagers shall
29 establish an account with an ADW licensee for that purpose. The ADW licensee is responsible
30 for verifying the identity of the individual and ensuring that the individual is at least 21 years of
31 age.

32 (b) The following are prohibited from engaging in pari-mutuel wagering under this
33 Article:

34 (1) Any person under the age of 21.

35 (2) Any person who has been adjudicated by law as prohibited from engaging in
36 pari-mutuel wagering.

37 (3) Any member or employee of the Commission. The Commission shall provide
38 a list of individuals subject to this subdivision to each ADW licensee at least
39 quarterly.

40 (4) Any person who has requested and not revoked a voluntary exclusion
41 designation from sports wagering pursuant to G.S. 18C-922. Participation in
42 the voluntary exclusion program shall not preclude an ADW licensee and its
43 agents from seeking the payment of a debt accrued by the individual while not
44 participating in the voluntary exclusion program.

45 (c) An ADW licensee shall make commercially reasonable efforts to ensure that any
46 prohibited person under this section is prevented from placing a pari-mutuel wager with the ADW
47 licensee.

48 (d) Any member of the Commission determined to have placed a pari-mutuel wager with
49 an ADW licensee shall be deemed to have resigned from the Commission as of the time the
50 pari-mutuel wager is placed. Any employee of the Commission determined to have placed a
51 pari-mutuel wager with an ADW licensee is subject to disciplinary action.

1 (e) This Article does not authorize non-pari-mutuel wagering on the outcome of live,
 2 simulcast, or any other horse races.

3 (f) The ADW licensee and their agents shall ensure that all advertisements and marketing
 4 of advance deposit account wagering meet all of the following requirements:

5 (1) It does not target persons under the age of 21.

6 (2) It discloses the identity of the ADW licensee.

7 (3) It provides information about or links to resources related to gambling
 8 addiction and prevention.

9 (4) It is not misleading to a reasonable person.

10 (5) It satisfies the rules and requirements promulgated by the Commission.

11 "**§ 18C-1016.** Reserved for future codification purposes.

12 "**§ 18C-1017.** Reserved for future codification purposes.

13 "**§ 18C-1018.** Reserved for future codification purposes.

14 "**§ 18C-1019.** Reserved for future codification purposes.

15 "**§ 18C-1020. Criminal penalties.**

16 (a) Any person who knowingly offers or engages in pari-mutuel wagering in violation of
 17 this Article shall be guilty of a Class 2 misdemeanor.

18 (b) Any person under the age of 21 who engages in pari-mutuel wagering as defined
 19 under this Article shall be guilty of a Class 2 misdemeanor.

20 (c) Any person who knowingly attempts to suborn, collude, or otherwise conspire to
 21 influence the outcome of any competition or aspect of any competition that is the subject of
 22 pari-mutuel wagering pursuant to this Article shall be guilty of a Class G felony.

23 (d) Any person applying to become an ADW licensee who willfully furnishes, supplies,
 24 or otherwise gives false information on the license application shall be guilty of a Class I felony.

25 (e) Nothing in this Article shall be construed to allow the ADW licensee to be charged
 26 with a violation of subsection (a) or (c) of this section absent actual notice and knowledge that a
 27 person is under age or giving false information.

28 "**§ 18C-1021.** Reserved for future codification purposes.

29 "**§ 18C-1022.** Reserved for future codification purposes.

30 "**§ 18C-1023.** Reserved for future codification purposes.

31 "**§ 18C-1024.** Reserved for future codification purposes.

32 "**§ 18C-1025. Rulemaking.**

33 (a) The Commission shall adopt rules governing the conduct of horse racing in this State,
 34 which shall include rules regarding play of wagers on simulcast horse races. In adopting rules,
 35 the Commission shall consult the State Veterinarian regarding safety of horses.

36 (b) When adopting rules, the Commission shall provide guidance on the issuance, denial,
 37 suspension, or revocation of a license provided under this Article, on the operation of advance
 38 deposit account wagering by ADW licensees, and on the requirements for simulcast facilities."

39 **SECTION 4.(a)** G.S. 18C-114 reads as rewritten:

40 "**§ 18C-114. Powers and duties of the Commission.**

41 (a) The Commission shall have the following powers and duties:

42 ...

43 (8) To charge a fee of potential ~~contractors and~~ contractors, of lottery ~~contractors~~
 44 ~~to~~ contractors, of lottery retailers, and of licensees and potential licensees and
 45 their key persons not to exceed the cost of the criminal history record check
 46 ~~of the potential contractors and lottery contractors check.~~

47 ...

48 (11) To specify the authority, compensation, and role of the Director, and to specify
 49 the authority, selection, and role of the other employees of the Commission.
 50 All of the following apply to all employees of the Commission:

- 1 a. No employee of the Commission may have a financial interest in any
- 2 lottery potential ~~contractor or contractor~~, lottery ~~contractor, contractor~~
- 3 or licensee, other than an interest as part of a mutual fund.
- 4 b. No employee of the Commission with decision-making authority shall
- 5 participate in any decision involving the ~~retailer or retailer~~, potential
- 6 ~~contractor contractor~~, licensee, or license applicant with whom the
- 7 employee has a financial interest.
- 8 c. No employee of the Commission who leaves the employment of the
- 9 Commission may represent any licensee, license applicant, lottery
- 10 contractor, potential contractor, or retailer before the Commission for
- 11 a period of one year following termination of employment with the
- 12 Commission.
- 13 d. A background investigation shall be conducted on each applicant for
- 14 employment with the Commission.
- 15 e. The Commission shall bond all employees with access to lottery funds
- 16 or revenue or security.

17 ...

18 (14) To adopt and implement any rules necessary to carry out the provisions of this

19 Chapter, resolving any conflicts in this Chapter to the best interest of the State.

20 ...

21 (c) The Commission and the Department of Revenue may agree to exchange any data

22 necessary to enforce and administer Articles 9 and 10 of this Chapter and Article 2E of Chapter

23 105 of the General Statutes, including information deemed necessary to perform an audit of a

24 licensee or taxpayer under those Articles."

25 **SECTION 4.(b)** G.S. 18C-120(b) reads as rewritten:

26 "(b) The Director shall have the following powers and duties, under the supervision of the

27 Commission:

- 28 ...
- 29 (2) To conduct a background investigation, including a criminal history record
- 30 check, of applicants for employment with the Commission, licensees and their
- 31 key persons, lottery contractors, lottery retailers, and lottery potential
- 32 contractors, which may include a search of the State and National Repositories
- 33 of Criminal Histories based on the fingerprints of applicants.

34 ...

35 (11) Exercise authority assigned or delegated by the Commission."

36 **SECTION 4.(c)** G.S. 143B-947 reads as rewritten:

37 **"§ 143B-947. Criminal record checks for the North Carolina State Lottery Commission**

38 **and its Director.**

39 The Department of Public Safety may provide to the North Carolina State Lottery

40 Commission and to its Director from the State and National Repositories of Criminal Histories

41 the criminal history of any prospective employee of the ~~Commission and Commission~~, any

42 potential ~~contractor contractor~~, and any licensee or prospective licensee under Chapter 18C of

43 the General Statutes and their key persons. The North Carolina State Lottery Commission or its

44 Director shall provide to the Department of Public Safety, along with the request, the fingerprints

45 of the ~~prospective employee of the Commission, or of the potential contractor, individual~~, a form

46 signed by the ~~prospective employee of the Commission, or of the potential contractor individual~~

47 consenting to the criminal record check and use of fingerprints and other identifying information

48 required by the State and National Repositories, and any additional information required by the

49 Department of Public Safety. The fingerprints of the ~~prospective employee of the Commission,~~

50 ~~or potential contractor, individual~~ shall be forwarded to the State Bureau of Investigation for a

51 search of the State's criminal history record file, and the State Bureau of Investigation shall

1 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history
2 record check. The North Carolina State Lottery Commission and its Director shall remit any
3 fingerprint information retained by the Commission to alcohol law enforcement agents appointed
4 under Article 5 of Chapter 18B of the General Statutes and shall keep all information obtained
5 pursuant to this section confidential. The Department of Public Safety shall charge a reasonable
6 fee only for conducting the checks of the criminal history records authorized by this section."

7 **SECTION 4.(d)** G.S. 105-259(b)(33) reads as rewritten:

8 "(33) To provide to the North Carolina State Lottery Commission the information
9 required under ~~G.S. 18C-141~~G.S. 18C-141 or agreed upon under
10 G.S. 18C-114(c)."

11 **SECTION 4.(e)** Article 37 of Chapter 14 of the General Statutes is amended by
12 adding a new section to read:

13 "**§ 14-309.3. Exempt wagering.**

14 This Article shall not apply to:

- 15 (1) Sports wagering lawfully conducted in compliance with Article 9 of Chapter
16 18C of the General Statutes.
17 (2) Pari-mutuel wagering lawfully conducted in compliance with Article 10 of
18 Chapter 18C of the General Statutes."

19 **SECTION 4.(f)** G.S. 16-1 reads as rewritten:

20 "**§ 16-1. Gaming and betting contracts void.**

21 (a) All wagers, bets or stakes made to depend upon any race, or upon any gaming by lot
22 or chance, or upon any lot, chance, casualty or unknown or contingent event whatever, shall be
23 unlawful; and all contracts, judgments, conveyances and assurances for and on account of any
24 money or property, or thing in action, so wagered, bet or staked, or to repay, or to secure any
25 money, or property, or thing in action, lent or advanced for the purpose of such wagering, betting,
26 or staking as aforesaid, shall be void.

27 (b) This section shall not apply to:

- 28 (1) Any sports wager, as defined in G.S. 18C-901, placed in accordance with
29 Article 9 of Chapter 18C of the General Statutes.
30 (2) Any pari-mutuel wager, as defined in G.S. 18C-1001, placed in accordance
31 with Article 10 of Chapter 18C of the General Statutes."

32 **SECTION 4.(g)** G.S. 18C-102 reads as rewritten:

33 "**§ 18C-102. Purpose and intent.**

34 The General Assembly declares that the purpose of this Chapter is to establish a
35 State-operated lottery and to provide for the regulation of other sanctioned gaming enterprises in
36 order to generate funds for the public purposes described in this Chapter.~~Chapter~~ and to support
37 responsible gaming."

38 **SECTION 4.(h)** G.S. 18C-113(b) reads as rewritten:

39 "(b) ~~Except as provided in this Article, records~~Records of the Commission shall be open
40 and available to the public in accordance with Chapter 132 of the General ~~Statutes.~~Statutes,
41 except as provided in this Article or unless disclosure could be used to potentially (i) provide an
42 unfair advantage to a player or (ii) impair or adversely impact the security or integrity of the
43 operation of the Lottery, any of its games, or investigations into potentially fraudulent or other
44 activities in violations of any laws, Lottery rules, regulations, and policies."

45 **SECTION 4.(i)** G.S. 18C-122(c) reads as rewritten:

46 "(c) The portion of the security audit report containing specific recommendations shall be
47 confidential, shall be presented only to the Director and to the Commission, and shall be exempt
48 from Chapter 132 of the General Statutes. The Commission may hear the report of such an audit,
49 discuss, and take action on any recommendations to address that audit under
50 G.S. 143-318.11(a)(1). The Commission may hear reports on the following matters under
51 G.S. 143-318.11(a)(1), all of which shall be exempt from Chapter 132 of the General Statutes:

1 manner in which an interactive sports wagering operator may request a refund under this
2 subsection, which may include allowing a credit for the amount refunded on a subsequent
3 monthly return required under this section.

4 **"§ 105-113.126A. Registration and discontinuance requirements.**

5 (a) Registration Required. – An interactive sports wagering operator must register with
6 the Secretary.

7 (b) Registration Form. – Registration must be in a form required by the Secretary and
8 include all information requested. If an interactive sports wagering operator fails to register, the
9 Secretary must notify the Lottery Commission of the violation.

10 (c) Discontinuance of Authorized Activities. – An interactive sports wagering operator
11 who changes ownership or stops engaging in the activities licensed under Article 9 of Chapter
12 18C of the General Statutes must notify the Secretary in writing of the change. The interactive
13 sports wagering operator is responsible for maintaining a bond or irrevocable letter of credit as
14 required by G.S. 105-113.127 and submitting all returns and the payment of all taxes for which
15 the interactive sports wagering operator is liable under this Article while licensed.

16 **"§ 105-113.127. Bond or irrevocable letter of credit.**

17 The Secretary may require an interactive sports wagering operator to furnish a bond in an
18 amount that adequately protects the State from an interactive sports wagering operator's failure
19 to pay taxes due under this Article. A bond must be conditioned on compliance with this Article,
20 payable to the State, and in the form required by the Secretary. The amount of the bond is two
21 times the interactive sports wagering operator's expected monthly tax liability under this Article,
22 as determined by the Secretary, provided the amount of the bond may not be less than fifty
23 thousand dollars (\$50,000) and may not be more than two million dollars (\$2,000,000). The
24 Secretary should periodically review the sufficiency of bonds required of interactive sports
25 wagering operators and increase the amount of a required bond when the amount of the bond
26 furnished no longer covers the anticipated tax liability of the interactive sports wagering operator
27 and decrease the amount when the Secretary determines that a smaller bond amount will
28 adequately protect the State from loss.

29 For purposes of this section, an interactive sports wagering operator may substitute an
30 irrevocable letter of credit for the secured bond required by this section. The letter of credit must
31 be issued by a commercial bank acceptable to the Secretary and available to the State as a
32 beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon
33 compliance with this Article, and in the amounts stipulated in this section.

34 **"§ 105-113.128. Use of tax proceeds.**

35 The Secretary shall distribute the taxes collected under this Article, less the allowance to the
36 Department of Revenue and reimbursement to the Lottery Commission for administrative
37 expenses, in accordance with this section. The Secretary may retain the cost of administering this
38 Article, not to exceed five hundred thousand dollars (\$500,000) a year, as reimbursement to the
39 Department. The Lottery Commission shall, no later than 20 days after the end of the month,
40 notify the Department of its unreimbursed expenses from administering the provisions of Article
41 9 of Chapter 18C of the General Statutes from the previous month. The Department shall
42 reimburse the Lottery Commission from the tax revenues collected under this Article no later
43 than the end of the month in which the Department was notified. The remainder of the net
44 proceeds of the tax collected under this Article are to be credited in the following priority:

- 45 (1) Two million dollars (\$2,000,000) annually to the Department of Health and
46 Human Services for gambling addiction education and treatment programs.
- 47 (2) One million dollars (\$1,000,000) annually to North Carolina Amateur Sports
48 to expand opportunities for persons up to age 18 to engage in youth sports,
49 which shall be distributed through a grant program. In making individual
50 grants, North Carolina Amateur Sports shall comply with the following:

- 1 a. Awards shall be used to provide for the purchase of youth sports
2 equipment, or to provide for public facility upgrades or improvements
3 which would benefit youth sports.
4 b. Awards may be given only to applicants who are either local
5 governments or nonprofit organizations exempt from taxation under
6 section 501(c)(3) of the Internal Revenue Code.
7 c. Awards may be given only to applicants who demonstrate that a
8 primary purpose for the funding is to facilitate opportunities for
9 persons up to age 18 to engage in youth sports.
10 d. The total dollar amount awarded each year to all applicants in any one
11 county may not exceed one percent (1%) of the total funding available
12 on July 1 of that year.
13 (3) Three hundred thousand dollars (\$300,000) annually shall be appropriated to
14 each of the institutions listed in this subdivision to support collegiate athletic
15 departments. If there are not sufficient funds for each of these institutions to
16 receive an appropriation of three hundred thousand dollars (\$300,000), the
17 amount of each appropriation shall be reduced by the same proportion so that
18 all institutions receive an appropriation of the same amount. The institutions
19 are listed as follows:
20 a. Appalachian State University.
21 b. East Carolina University.
22 c. Elizabeth City State University.
23 d. Fayetteville State University.
24 e. North Carolina Agricultural & Technical State University.
25 f. North Carolina Central University.
26 g. University of North Carolina at Asheville.
27 h. University of North Carolina at Charlotte.
28 i. University of North Carolina at Greensboro.
29 j. University of North Carolina at Pembroke.
30 k. University of North Carolina at Wilmington.
31 l. Western Carolina University.
32 m. Winston-Salem State University.
33 (4) One million dollars (\$1,000,000) annually to the North Carolina Outdoor
34 Heritage Advisory Council for grants, in the discretion of the Council, as
35 follows:
36 a. Grants not to exceed five thousand dollars (\$5,000) per sporting team
37 or group per county per year requesting grant assistance to travel to
38 in-State or out-of-state sporting events.
39 b. Incentive grants not to exceed twenty-five thousand dollars (\$25,000)
40 to attract State, regional, area, and national sporting events,
41 tournaments, and programs for nonprofessional sporting participants
42 in programs administered by city, county, and local school
43 administrative units, or appropriate nonprofit organizations exempt
44 from taxation under section 501(c)(3) of the Internal Revenue Code as
45 determined by the North Carolina Outdoor Heritage Advisory
46 Council.
47 (5) Of the remaining proceeds, as follows:
48 a. Twenty percent (20%) annually to be distributed equally among the
49 institutions listed in this sub-subdivision to support collegiate athletic
50 departments, not to supplant general funding to that institution. The
51 institutions are listed as follows:

- 1 1. Appalachian State University.
- 2 2. East Carolina University.
- 3 3. Elizabeth City State University.
- 4 4. Fayetteville State University.
- 5 5. North Carolina Agricultural & Technical State University.
- 6 6. North Carolina Central University.
- 7 7. University of North Carolina at Asheville.
- 8 8. University of North Carolina at Charlotte.
- 9 9. University of North Carolina at Greensboro.
- 10 10. University of North Carolina at Pembroke.
- 11 11. University of North Carolina at Wilmington.
- 12 12. Western Carolina University.
- 13 13. Winston-Salem State University.
- 14 b. Thirty percent (30%) annually to the North Carolina Major Events,
- 15 Games, and Attractions Fund established under G.S. 143B-437.112.
- 16 c. Fifty percent (50%) annually to the General Fund."

17 **SECTION 5.1.** If Senate Bill 22 of the 2023 Regular Session of the General
 18 Assembly, or substantially similar legislation, becomes law, then G.S. 105-113.128(4) reads as
 19 rewritten:

- 20 "(4) One million dollars (\$1,000,000) annually to the North Carolina Youth
 21 Outdoor ~~Heritage Advisory Council~~ Engagement Commission for grants, in
 22 the discretion of the ~~Council~~, Commission, as follows:
- 23 a. Grants not to exceed five thousand dollars (\$5,000) per sporting team
 24 or group per county per year requesting grant assistance to travel to
 25 in-State or out-of-state sporting events.
 - 26 b. Incentive grants not to exceed twenty-five thousand dollars (\$25,000)
 27 to attract State, regional, area, and national sporting events,
 28 tournaments, and programs for nonprofessional sporting participants
 29 in programs administered by city, county, and local school
 30 administrative units, or appropriate nonprofit organizations exempt
 31 from taxation under section 501(c)(3) of the Internal Revenue Code as
 32 determined by the North Carolina Youth Outdoor ~~Heritage Advisory~~
 33 ~~Council~~ Engagement Commission."

34 **SECTION 5.5.** Article 51A of Chapter 14 of the General Statutes is amended by
 35 adding a new section to read:

36 "**§ 14-380.5. Horse racing not prohibited.**

37 Horse racing, as authorized and regulated in accordance with Article 10 of Chapter 18C of
 38 the General Statutes, shall not be considered a horse show for purposes of this Article."

39 **SECTION 6.** If any section or provision of this act is declared unconstitutional or
 40 invalid by the courts, it does not affect the validity of this act as a whole or any part other than
 41 the part so declared to be unconstitutional or invalid.

42 **SECTION 7.** The Commission shall establish guidance to parties regulated by the
 43 provisions of Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted by this act.
 44 Such guidance shall address the application of Article 9 of Chapter 18C of the General Statutes,
 45 as enacted by this act, to electronic sports with due consideration to the key role of game
 46 publishers as creators of the underlying video game. When adopting rules under G.S. 18C-1025,
 47 as enacted by this act, the Commission shall adopt rules providing guidance on the issuance,
 48 denial, suspension, or revocation of a license provided under Article 10 of Chapter 18C of the
 49 General Statutes as well as guidance on the operation of advance deposit account wagering by
 50 ADW licensees. The Commission may adopt rules prior to January 8, 2024, however, no rule
 51 may become effective until on or after that date. The Commission may accept and issue

1 applications for licensure in accordance with Articles 9 and 10 of Chapter 18C of the General
2 Statutes, as enacted by this act, prior to January 8, 2024, in order that licensees may begin
3 operations on January 8, 2024. If more than 12 completed interactive sports wagering operator
4 applications are received, the Commission shall select based upon the criteria set forth in
5 G.S. 18C-904(g), as enacted by this act, and notify the qualified applicants it determines will best
6 serve the public interest in maximizing revenue to the State, while preserving the integrity of
7 sports wagering and ensuring accountability and preserving the public trust in licensed sports
8 wagering activities. No license issued by the Commission shall become effective prior to January
9 8, 2024, however, sports wagering shall not be authorized in the State until a date identified by
10 the Commission, which shall occur as soon as practicable and may be no later than 12 months
11 after the date this act becomes law.

12 **SECTION 8.** The North Carolina State Lottery Commission shall use sufficient
13 funds from the North Carolina State Lottery Fund to cover initial operating expenses of the
14 Commission to implement Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted
15 by this act, provided the total amount borrowed by the Commission shall not exceed fourteen
16 million dollars (\$14,000,000) without further action by the General Assembly. The Commission
17 shall repay any funds used out of the North Carolina State Lottery Fund pursuant to this section
18 within 36 months after the effective date of this act.

19 **SECTION 9.** The North Carolina State Lottery Commission shall study the
20 implementation of Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted by this
21 act, and shall report its findings, with any legislative recommendations, to the Joint Legislative
22 Oversight Committee on the North Carolina State Lottery no later than March 1, 2024. The study
23 and report shall address all of the following:

- 24 (1) Restrictions on number of licensees as established by G.S. 18C-904, as
25 enacted by this act, and how additional applications for licensure are treated.
- 26 (2) Any potential challenges to enforcement of the Articles.
- 27 (3) The establishment and use of the voluntary exclusion program.
- 28 (4) The siting and opening of places of public accommodation and usage of such
29 sites.
- 30 (5) Any potential issues or challenges with audits of interactive sports wagering
31 operators and ADW licensees.
- 32 (6) Any other information the Commission deems relevant.

33 **SECTION 10.** Sections 1, 2, 3, 4, 5.1, 5.5, and 6 of this act become effective January
34 8, 2024. Section 5 of this act becomes effective January 8, 2024, and applies to gross wagering
35 revenue received on or after that date. Except as otherwise provided, this act is effective when it
36 becomes law.