

## **Interactive Gaming Model Bill**

### **ARTICLE I**

#### Definitions

(a) As used in this Article, the following definitions apply:

“Adjusted gross revenue” means gross interactive gaming revenue less the total of all sums actually paid out as winnings to patrons, which includes the cash equivalent of any merchandise or thing of value awarded as a prize. Rake collected from patrons that enter a pool, shared liquidity pool, or contest less any rake adjustment, if applicable, shall be considered Adjusted gross revenue and are subject to taxes.

(1) “Commission” means [appropriate state regulator].

(2) “Gross interactive gaming receipts” means the total of all moneys paid by patrons as wagers, does not include the value of promotional credits used to place wagers.

(3) “Interactive game” means an internet-based game conducted on a computer, mobile device or any other interactive device, in which a patron wagers money or something of monetary value for the opportunity to win money or something of monetary value. Authorized interactive games include but are not limited to poker, blackjack, craps, roulette, cards, slots, progressives, jackpots, game show style games, games driven by a random number generator/remote gaming service, peer-to-peer and skill based games, or any other games substantially equivalent to those typically offered at a casino, and any other game approved by the Commission.

(4) "Interactive gaming" means the business of accepting wagers on interactive games.

(5) “Interactive gaming account” means a financial record established by an interactive gaming operator for a patron in which the patron may deposit by any method approved by the commission and withdraw funds for interactive gaming and other authorized purchases, and to which the interactive gaming operator may credit winnings or other amounts due to or authorized by that patron; provided, however, that such account may be established, verified and funded by the patron remotely through an approved interactive gaming platform, and the patron may be permitted to use the same account to participate in interactive gaming and mobile or digital sports wagering pursuant to [online sports wagering chapter] with an operator licensed to conduct both interactive gaming and mobile or online sports wagering.

(6) “Interactive gaming operator” means the holder of an interactive gaming operator license issued by the Commission.

(7) “Interactive gaming platform provider” or “platform provider” means an entity that contracts with an interactive gaming operator to provide an interactive gaming platform and holds an interactive gaming platform provider license issued by the Commission.

(8) “Interactive gaming brand” means the names, logos, and brands that an interactive gaming operator or platform provider advertises, promotes, or otherwise holds out to the public identifying its interactive gaming platform.

(9) “Interactive gaming platform” means a system of associated websites, mobile applications, or other interactive platforms accessible via the internet, mobile, wireless, or similar communication technology that a patron may use to participate in interactive gaming authorized under this Article.

(10) “Interactive gaming reciprocal agreement”, an agreement with any foreign or domestic government or governmental agency allowing for multijurisdictional interactive gaming by individuals who are physically located in jurisdictions over which the governments that are party to the agreement exercise legal authority.

(11) “Interactive gaming supplier” means an entity that provides services, goods, software, or other components necessary for the offering of interactive games in compliance with this act, including:

- (i) Customer identity, age verification, and geolocation services.
- (ii) Payment processing and similar financial services.
- (iii) Data hosting and cybersecurity providers;
- (iv) Game providers, including interactive game studios; and
- (v) Other providers of interactive gaming services as determined by the Commission.

The term does not include:

- (i) Telecommunications, internet service providers, and other similar services not specifically designed for interactive gaming.
  - (ii) Other goods or services not specifically designed for use in connection with interactive gaming.
- (2) “Interactive gaming wager”, a wager on an interactive game.
- (3) “Key person” means an officer or director of a licensee or applicant for licensure who is directly involved in the operation, management, or control of interactive gaming authorized under this Article and who exercises substantial influence or control over interactive gaming activities in this state.

- (4) “Live dealer interactive game”, an interactive game conducted by a gaming attendant (e.g., dealer, croupier, etc.) or gaming equipment (e.g., an automated roulette wheel, ball blower, gaming device, etc.), or both, in a live interactive game studio in which video is streamed to an interactive gaming platform and patrons have the ability to communicate game decisions through the interactive gaming platform, and may be permitted to interact with game attendants and fellow patrons.
- (5) “Live interactive game simulcast” means an interactive live feed of an interactive game that is conducted by a live interactive game studio and in which participants have the ability to wager in real-time.
- (6) “Live interactive game studio” means a physical location that utilizes live video and audio streaming technology to provide an interactive gaming licensee with a live interactive game simulcast.
- (7) “Permissible jurisdiction” means a jurisdiction other than this state from which wagers on interactive gaming may be accepted pursuant to an interactive gaming reciprocal agreement or via written approval by the Commission.
- (8) “Patron” means an individual who has established an account on an interactive gaming platform.
- (9) “Primary interactive gaming equipment” means all hardware, software, and other technology or equipment of any kind determined by the Commission to be necessary for the conduct of an authorized interactive game.
- (10) “Operator” or “interactive gaming operator”, any entity permitted under this chapter to offer interactive gaming to persons in the State through a category 1 license or category 2 license.
- (11) “Operator license”, a category 1 license or category 2 license to operate interactive gaming.
- (12) “Promotional gaming credit”, an interactive gaming credit or other item issued free of charge by an operator to a patron to enable the placement of an internet gaming wager.
- (13) “Redundant system” means a duplication of the Primary interactive gaming equipment in a separate data center including real time replication of all data and configuration files.
- (14) “Qualified gaming entity”, an entity that: (i) holds a land-based casino license; or (ii) offers interactive gaming pursuant to a valid license in three or more jurisdictions in the United States.

## **Section 2. Authorization of interactive gaming generally**

- (a) Notwithstanding any provision of [Criminal Code], interactive gaming as authorized by this Article shall not be considered unlawful. All interactive gaming authorized under this Article shall be placed via an interactive gaming account and shall be initiated within this State or a permissible jurisdiction.

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

(c) An interactive gaming operator or interactive gaming platform provider shall not, by virtue of such licensure, be authorized to accept any interactive gaming wager from a patron who is physically present on Indian lands when the interactive gaming wager is initiated and received. An interactive gaming operator or interactive gaming platform provider shall be authorized to accept an interactive gaming wager only if the patron is physically present in this State or a permissible jurisdiction, but outside such Indian lands, when the interactive gaming wager is initiated and received. Each interactive gaming operator or interactive gaming platform provider shall use geolocation technology to ensure compliance with this Article.

(d) A person shall not provide or make available computers or other internet access devices in a place of public accommodation in this state, including a club or other association, to enable individuals to place interactive wagers or play an interactive game. The prohibition under this subsection does not apply to a category 1 licensee aggregating, providing, or making available computers or other internet access devices at its own casino.

(e) An interactive gaming operator or platform provider shall be permitted to offer live interactive game simulcasts from live interactive game studio premises in any location. Live interactive game studios shall not be required to be located in-state.

(f) A patron shall be permitted to use the same account to participate in interactive gaming and online sports wagering with an operator or platform provider licensed to conduct both interactive gaming and online sports wagering.

(g) The Commission shall identify opportunities to enter into reciprocal agreements with jurisdictions from which wagers on interactive gaming may be accepted;

(h) Nothing in this Article shall apply to:

(1) Fantasy or simulated games or contests in which two or more fantasy contest players who are natural persons compete against each other and winning outcomes reflect the relative knowledge and skill of the fantasy contest players and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sporting events;

(2) Interactive sports wagering as described in [Reference];

- (3) Lottery games as described in [Reference];
- (4) Parimutuel wagering as described [Reference];
- (i) All of the following persons are prohibited from engaging in interactive gaming:
  - (1) Any person under the age of 21.
  - (2) Any person who has requested and not revoked a voluntary exclusion designation.
  - (3) Any person who has been adjudicated by law as prohibited from engaging in interactive gaming.
  - (4) Any member or employee of the Commission.
  - (5) Any employee or key person of an interactive gaming operator or its interactive gaming platform provider, as to wagering on any platform operated under the license of that interactive gaming operator. For clarity, any employee or key person of an interactive gaming operator or its interactive gaming platform provider shall not be prohibited from wagering on any platform operating under the license of a different interactive gaming operator.

**Section 3. Interactive gaming regulation; rulemaking.**

- (a) The Commission shall have all powers and duties necessary to carry out the provisions of this article. Such powers and duties shall include, but shall not be limited to, the following:
  - (1) To have jurisdiction, supervision, and regulatory authority over interactive gaming, including, but not limited to, regulation, licensure, and offering of interactive gaming.
  - (2) To appoint and employ such persons as the Commission deems essential to perform its duties under this article and to ensure that interactive gaming is conducted with order and the highest integrity.
  - (3) To enter upon, with commercially reasonable notice during all hours of operation, investigate, and have free access to all places of business of any licensee under this article and to compel the production of any books, ledgers, documents, records, memoranda, or other information of any licensee to ensure such licensee's compliance with the rules and regulations promulgated by the Commission pursuant to this article;
  - (4) To promulgate any rules and regulations as the Commission deems necessary and proper to administer the provisions of this article; provided, however, that the initial rules and regulations governing interactive gaming shall be promulgated, provided for a period of public comment, and adopted by the commission within 90 days of the effective date of this article. Such initial rules and regulations and all other rules and regulations of the commission promulgated and adopted pursuant to this article shall not be subject to the [Administrative Procedure Act]. In promulgating rules pursuant to this section, the commission shall examine the regulations implemented in this state for online sports wagering and in

other states where interactive gaming is conducted and shall, as far as practicable, adopt a similar regulatory framework. Further, the commission shall issue and continually update technical standards based on industry best practices related to cybersecurity, geolocation services, know-your-customer and anti-money laundering protocols.

(5) To issue subpoenas for the attendance of witnesses before the commission, administer oaths, and compel production of records or other documents and testimony of witnesses whenever, in the judgment of the commission, it is necessary to do so for the effectual discharge of the duties of the corporation under this article;

(6) To compel any person licensed by the commission to file with the corporation such data, documents, and information as shall appear to the corporation to be necessary for the performance of the duties of the commission under this article, including, but not limited to, financial statements.

(7) To enter into arrangements with any foreign or domestic government or governmental agency for the purposes of exchanging information, entering reciprocal agreements, or performing any other act to better ensure the proper conduct of interactive gaming under this article;

(8) To establish and administer programs for providing assistance to individuals with problem gambling or a betting or gambling disorder.

#### **Section 4. Interactive gaming operator license**

(a) It shall be unlawful for any person to offer or accept interactive gaming wagers in this State without a valid interactive gaming operator license.

(b) The commission shall issue a category 1 license to any holder of a land-based casino license that meets the requirements of this chapter and the rules and regulations of the commission; provided, however, that any holder of a category 1 license shall not be issued a category 2 license. A holder of a category 1 license may offer interactive gaming under a maximum of three interactive gaming platforms. A holder of a category 1 license may contract with up to three interactive gaming platform providers to operate the interactive gaming platforms on its behalf. The interactive gaming operator licensee, or its contracted interactive gaming platform providers, may offer the platform under multiple brands they use to conduct interactive gaming. The interactive gaming platforms shall not be required to be branded or co-branded with the brand of the category 1 licensee.

(c) The commission shall issue a category 2 license to any entity that meets the requirements of this chapter and the rules and regulations of the commission; provided, however, the commission shall issue no more than 4 category 2 licenses. Any holder of a category 2 license shall not be issued a category 1 license. Each category 2 license permits the operation of interactive gaming under two interactive gaming platforms. Each interactive gaming platform may be offered under multiple brands used by the category 2 interactive gaming operator or the contracted interactive gaming platform provider. If there are more than

4 applicants for a category 2 license, the commission shall issue licenses to the applicants that the commission determines to be the best-qualified based on the following factors:

- (1) Expertise in the business of interactive gaming;
- (2) Integrity, sustainability, and safety of the interactive gaming platform;
- (3) Past relevant experience of the applicant;
- (4) Advertising and promotional plans to increase and sustain revenue;
- (5) The amount of adjusted gross interactive gaming receipts and associated tax revenue that an applicant is projected to generate;
- (6) Demonstrated commitment to and plans for the promotion of responsible gaming; and
- (7) Capacity to increase the number of patrons on the applicant's platform.

(d) Nothing in this chapter shall require a category 2 licensee to partner with or have any commercial relationship with a category 1 licensee.

(e) A qualified gaming entity may submit to the commission a request for a temporary license for expedited commencement of interactive gaming operations. Such a request shall include an initial licensing fee of \$XXX payable to the commission. (1) Upon receiving a request for a temporary license, the executive director of the commission shall review the request. If the executive director determines that the entity requesting the temporary license is a qualified gaming entity and has paid the interactive gaming initial licensing fee, the commission shall, pursuant to paragraph (2) of this subsection, authorize the qualified gaming entity to conduct interactive gaming for a period of 1 year under a temporary license or until a final determination on its permanent operator license application is made, whichever is later. (2) A Category 1 interactive gaming licensee shall not offer interactive gaming until the Commission has issued a license to at least one Category 2 interactive gaming license applicant. Similarly, a Category 2 interactive gaming licensee shall not offer interactive gaming until the Commission has issued a license to at least one Category 1 interactive gaming license applicant. All applicants for either interactive gaming operator licensure or interactive gaming platform provider licensure that have submitted an application within 30 days of the date in which the Commission begins to accept applications for the applicable license shall be given an equal opportunity to first commence offering, conducting, and/or operating interactive gaming in this State on the same day, and in any event not later than [preferred launch date].

(f) The commission may use information obtained from the applicant pursuant to its license for land-based casino gaming or online sports betting in this state, or information from other jurisdictions where the applicant is authorized to conduct interactive gaming.

(g) The commission may deny an application if the commission determines during its investigation that an applicant has failed to: (i) establish the applicant's integrity or the integrity of any affiliate or any person required to be qualified by the commission; (ii) demonstrate responsible business practices in any jurisdiction; or (iii) overcome any other reason, as determined by the commission, as to why it would be injurious to the interests of the State to award the applicant an operator license.

(h) Upon application by a qualified applicant that is not denied pursuant to subsection (f) and payment of a \$XXX licensing fee, the commission shall grant an operator license that provides the right to conduct interactive gaming, subject to the provisions of paragraph 2 of subsection (d) of this section; provided, that the qualified gaming entity shall meet the requirements for licensure under this chapter and the rules and regulations of the commission. Such license shall be issued for a 5- year period, and may be renewed for 5-year periods upon payment of a \$XXX renewal fee; provided, that the operator shall continue to meet all requirements under this chapter and the rules and regulations of the commission. The commission shall credit any initial licensing fee paid pursuant to paragraph (d) to a successful applicant for an operator license against the licensing fee due under this subsection.

(i) The Commission shall conduct a background investigation on the applicant and key persons as deemed necessary by the Commission. The background investigation may include a criminal history record check. In the event an applicant or its key persons have completed a criminal history record check in the 12 months prior to the application, the Commission may accept the results of that prior criminal history record check upon submission of an affidavit that there has been no change in criminal history since the prior criminal history record check in this or any other state. An applicant or key person who is already qualified by the Commission for another license type and remains in good standing with the commission shall not be subject to an additional background investigation but may be required to submit an affidavit that there has been no change in criminal history. The Commission shall not award a license if an applicant or any key person of the applicant has been convicted of a felony gambling offense in any state or federal court of the United States within 10 years of application or renewal.

(j) The Commission shall grant or deny all applications for licensure under this section. The grounds for denial of an interactive gaming operator license shall be the same as in Section 5.

(k) Notwithstanding any other provision of law, only the following documents under this section shall be a public record, with respect to each applicant and each interactive gaming operator:

- (1) The name and address of the applicant or interactive gaming operator.
- (2) The names of all key persons.
- (3) The proposed interactive gaming brand or brands the applicant plans to hold out to the public displaying its interactive gaming platform.
- (4) The granting or denial of the application.

(l) Each interactive gaming operator shall promptly report all criminal or disciplinary proceedings commenced against that interactive gaming operator in connection with its operations to the Commission. Each interactive gaming operator shall promptly report to the Commission all changes in key persons, and all new key persons shall consent to a background investigation.

(m) An interactive gaming operator license is assignable or transferable only with the approval of the Commission and payment of the licensing fee in accordance with this section.

(n) Interactive gaming operators shall assure the financial integrity of interactive gaming operations by the maintenance of a reserve of not less than five hundred thousand dollars (\$500,000) or the amount required to cover the outstanding liabilities for interactive gaming wagers accepted by the interactive gaming operator, whichever is greater during regular banking hours. The reserve may take the form of a bond, an irrevocable letter of credit, payment processor reserves and receivables, cash or cash equivalents segregated from operational funds, guaranty letter, a combination thereof, or any other means as approved by the Commission. Such reserve shall be adequate to pay winning interactive gaming wagers when due. An interactive gaming operator is presumed to have met this requirement if the operator maintains, on a daily basis, a minimum reserve in an amount which is at least equal to the average daily minimum reserve, calculated on a monthly basis, for the corresponding month in the previous year. For purposes of this subsection, "outstanding liabilities for interactive gaming wagers accepted by an interactive gaming operator" shall mean the amounts accepted by the interactive gaming operator on interactive gaming wagers whose outcomes have not been determined and amounts owed but unpaid on winning interactive gaming wagers. Upon request by an interactive gaming operator, the Commission may allow an interactive gaming operator to combine a reserve that includes all of its interactive gaming and sports wagering liabilities in this state, should the interactive gaming operator also be licensed to conduct sports wagering in the state.

(o) The holder of an interactive gaming operator license shall be deemed to also hold an interactive gaming supplier registration under this Article for services, goods, software, or components provided in-house.

#### **Section 5. Applications for interactive gaming platform provider license.**

(a) It shall be unlawful for any person to operate an interactive gaming platform on behalf of an interactive gaming operator in this State without a valid interactive gaming platform provider license, except that an interactive gaming operator licensee shall not be required to have an interactive gaming platform provider license in order to provide such services in-house.

(b) The Commission shall review and issue interactive gaming platform provider licenses to qualified applicants within 60 days of receipt of a completed application. The Commission may extend the review period for an additional 30 days if the background investigation is outstanding. Any denial shall be in writing and state the grounds therefor. The applicant shall submit the completed application, on a form prescribed by the Commission, and the licensing fee of \$XXX. If the application is denied, the licensing

fee shall be refunded, minus five percent (5%) of the licensing fee which shall be used by the Commission to offset associated expenses in reviewing the application.

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

(1) The identity of the interactive gaming operator with which the applicant has contracted;

(2) The applicant's background in interactive gaming;

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

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

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

(6) Any other information the Commission may deem necessary.

(d) The Commission shall conduct a background investigation on the applicant and key persons as deemed necessary by the Commission. The background investigation shall include a credit history check, a tax record check, and a criminal history record check. In the event an applicant and its key persons have had a completed criminal history record check in the 12 months prior to the application, the Commission may, in its discretion, accept the results of that prior criminal history record check upon submission of an affidavit that there has been no change in criminal history since the prior criminal history record check in this or any other state. An applicant or key person who is already qualified by the Commission for another license type and remains in good standing with the commission shall not be subject to an additional background investigation but may be required to submit an affidavit that there has been no change in criminal history.

(e) A person holding an interactive gaming platform provider license or its equivalent issued by a proper authority in another state or territory of the United States or the District of Columbia may be licensed as an interactive gaming platform provider with or without further examination if the Commission determines that such jurisdiction has substantially similar requirements for licensure, certification, or registration, and if in the opinion of the Commission the applicant otherwise meets the requirements of this Article based upon verified evidence.

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

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

- (2) The applicant or any key person is not of good character, honesty, or integrity.
- (3) The applicant's or any key person's prior activities, criminal record, reputation, or associations indicate any of the following:
  - (i) A potential threat to the public interest.
  - (ii) The potential to impede the regulation of interactive gaming.
  - (iii) The potential of promoting unfair or illegal activities in the conduct of interactive gaming.
- (4) The applicant or any key person knowingly makes a false statement of material fact or deliberately fails to disclose information requested by the Commission.
- (5) The applicant or any key person knowingly fails to comply with the provisions of this Article or any requirements of the Commission.
- (6) The applicant or any key person was convicted of a felony, a crime of moral turpitude, or any criminal offense involving dishonesty or breach of trust within the 10 years prior to the submission date of the application.
- (7) Any revocation, suspension, or denial of the applicant's or key person's license, certification, or registration issued by any other jurisdiction to conduct or provide services for interactive gaming or other forms of gambling.
- (8) The applicant has defaulted on any obligation or debt owed to this State.
- (g) Notwithstanding any other provision of law, only the following documents under this section shall be a public record, with respect to each applicant and each interactive gaming supplier:
  - (1) The name and address of the applicant.
  - (2) The name of all key persons.
  - (3) The granting or denial of the application.
- (h) Each interactive gaming platform provider shall promptly report all criminal or disciplinary proceedings commenced against that supplier in connection with its operations to the Commission. Each platform provider shall promptly report all changes in key persons to the Commission, and all new key persons shall consent to a background investigation.
- (i) No interactive gaming platform provider license is assignable or transferable without approval of the Commission.

**Section 6. Applications for interactive gaming supplier registration.**

- (a) It shall be unlawful for any person to provide services, goods, software, or other components necessary for the offering of interactive games in compliance with this act, to any interactive gaming operator or platform provider in this State without first registering as an interactive gaming supplier. An interactive gaming operator or platform provider shall not be required to have an interactive gaming supplier registration in order to provide such services in-house.
- (b) The Commission shall review and issue interactive gaming supplier registrations to qualified applicants within 60 days of receipt of a completed application. The Commission may extend the review period for an additional 30 days if the background investigation is outstanding. Any denial shall be in writing and state the grounds therefor. The applicant shall submit the completed application, on a form prescribed by the Commission, and the licensing fee of \$XXX. If the application is denied, the licensing fee shall be refunded, minus five percent (5%) of the licensing fee which shall be used by the Commission to offset associated expenses in reviewing the application.
- (c) The application shall set forth all of the following:
- (1) A list of all gaming-related active and inactive licenses, certifications, or registrations and reasons for inactivity, if applicable.
  - (2) Any personal information the Commission may deem necessary concerning the applicant's key persons.
  - (3) Any other information the Commission may deem necessary.
- (d) A person holding an interactive gaming supplier registration or its equivalent issued by a proper authority in another state or territory of the United States or the District of Columbia may be licensed as an interactive gaming supplier with or without further examination if the Commission determines that such jurisdiction has substantially similar requirements for licensure, certification, or registration, and if in the opinion of the Commission the applicant otherwise meets the requirements of this Article based upon verified evidence.
- (e) The grounds for denial of an interactive gaming supplier registration shall be the same as in Section 5. Notwithstanding any other provision of law, only the following documents under this section shall be a public record, with respect to each applicant and each interactive gaming supplier:
- (1) The name and address of the applicant.
  - (2) The name of all key persons.
  - (3) The granting or denial of the application.

- (f) Each interactive gaming supplier shall promptly report all criminal or disciplinary proceedings commenced against that supplier in connection with its operations to the Commission. Each supplier shall promptly report all changes in key persons to the Commission, and all new key persons shall consent to a background investigation.
- (g) No interactive gaming supplier registration is assignable or transferable without approval of the Commission.

**Section 7. Renewals of licenses and registrations.**

- (a) Any license or registration issued pursuant to this Article shall be valid for five years.
- (b) At least 60 days prior to the expiration of a license or registration, the license holder or registrant shall submit a renewal application, on a form prescribed by the Commission, including a renewal fee as follows:
  - (1) \$XXX for an interactive gaming operator license.
  - (2) \$XXX for an interactive gaming platform provider license.
  - (3) \$XXX for an interactive gaming supplier registration.
- (c) The Commission may revoke or deny a license or registration renewal for any of the following reasons:
  - (1) The same grounds that would constitute denial of an initial application under Section 5.
  - (2) An intentional violation of this Article or a pattern of material noncompliance with rules or directives promulgated by the Commission.

**Section 8. Use of proceeds.**

- (a) The Commission shall use proceeds from license fees collected under this Article to cover expenses in administering this Article. Any proceeds remaining at the end of each fiscal year after payment of expenses of the Commission pursuant to this section shall be remitted to the General Fund, however, the Commission may retain an amount reasonably necessary to cover future expenses of the Commission related to administering the provisions of this Article, the total of which may not exceed the total expenses of the Commission related to administering the provisions of this Article during the previous quarter of the fiscal year.

**Section 9. Duties of licensees.**

- (a) Interactive gaming operators and platform providers and their associated brands shall employ industry best practices to do all of the following:

- (1) Prevent persons who are not patrons from placing wagers through its interactive gaming platform.
- (2) Prevent persons who are not 21 years of age from placing wagers through its interactive gaming platform
- (3) Prevent persons who are not physically located in the State or a permissible jurisdiction from placing a wager through its interactive gaming platform.
- (4) Protect the confidential information of patrons using its interactive gaming platform.
- (5) Prevent persons from placing interactive gaming wagers as agents or proxies for others.
- (6) Allow persons to voluntarily exclude themselves from participating in interactive gaming through its interactive gaming platform.
- (7) Establish procedures to detect suspicious or illegal interactive gaming activity.
- (8) Provide for the reporting of income tax on winnings where required by applicable State or federal law.
- (9) Verify the location of the patron at the time the interactive gaming wager is initiated and received.
- (b) Interactive gaming operators and platform providers shall maintain records on all of the following:
  - (1) Each interactive gaming wager, including the identity of the patron placing the interactive gaming wager.
  - (2) The amount, type, time, location, and outcome of the interactive gaming wager, including the IP address, if available.
  - (3) Suspicious or illegal interactive gaming activity.
- (c) Interactive gaming operators and platform providers shall maintain records described in subsection (b) for a period of time as determined by the Commission, not to exceed three years, and shall disclose such records to the Commission upon request.
- (d) Interactive gaming operators and platform providers shall employ industry best practices to ensure that all advertisements and marketing of interactive gaming and the interactive gaming platform meet all of the following requirements:
  - (1) It does not intentionally target persons under the age of 21.
  - (2) It discloses the identity of the interactive gaming operator or platform provider.

- (3) It provides information about how to access resources related to gambling addiction and prevention.
- (4) It is not misleading to a reasonable person.
- (5) It satisfies the rules and requirements promulgated by the Commission.
- (e) Interactive gaming operators and platform providers shall implement industry best practices as directed by the Commission to maintain the security of wagering data, registered player and other customer data, and any other confidential information from unauthorized access and dissemination. These practices shall be regularly updated to reflect the evolving nature of data security threats and solutions.
- (f) All servers necessary to the placement or resolution of an interactive gaming wager shall be located in the United States unless otherwise approved by the Commission. Consistent with federal law, nothing in this section shall preclude the use of internet or cloud-based hosting, or the use of servers located outside of this State.
- (g) The Redundant System used to conduct interactive gaming shall be located in a restricted area on a different premises from the primary interactive gaming equipment and can only be relied upon for a time period not to exceed 60 days unless otherwise authorized by the Commission.
- (h) Each interactive gaming operator or platform provider shall provide a daily summary of all interactive gaming activity, summarizing all transactions processed through each wagering system, provided in a format established by the Commission, at the close of each business day.

**Section 10. Interactive gaming accounts.**

- (a) Only a person 21 years of age or older is permitted to establish an interactive gaming account with an interactive gaming operator or platform provider. The interactive gaming operator or platform provider is responsible for verifying the identity of the patron and ensuring that the patron is at least 21 years of age.
- (b) Interactive gaming accounts may be established remotely and be capable of effectuating deposits and withdrawals remotely.
- (c) Interactive gaming operators and platform providers may permit patrons to make deposits to and withdrawals from an interactive gaming account using methods including:
  - (1) Online and mobile payment systems that support online money transfers;
  - (2) Credit card and debit card;
  - (3) Digital Wallets (including PayPal and Venmo);

- (4) Prepaid access instrument (including Gift Cards);
  - (5) Bank Wire;
  - (6) Cash (via casino cages or another approved retail locations);
  - (7) Any other form approved by the Commission.
- (d) A patron may not have more than one interactive gaming account with each interactive gaming brand.
- (e) An interactive gaming account shall meet all of the following requirements:
- (1) Be registered in the name of the patron, who is a natural person.
  - (2) Be established through the interactive gaming operator or platform provider 's platform.
  - (3) Prohibit the transfer of an account.
  - (4) Prohibit the use of any virtual private network or other technology that may obscure or falsify the registered player's physical location.
  - (5) Prohibit any form of collusion, cheating, or other unlawful activity.
  - (6) Affirm that the registered player meets all eligibility requirements for registration.
  - (7) Authorize the provision of notices and other required communications either through a designated mobile or other interface or to an electronic mail address designated by the registered player.
- (f) The interactive gaming operator or platform provider shall put in place sufficient measures to verify the age and identity of the patron needed to allow the establishment of interactive gaming accounts remotely.
- (g) An interactive gaming account held by a patron in this State may be suspended or terminated by the interactive gaming operator or platform provider under any of the following conditions:
- (1) The registered player has provided any false or misleading information in connection with the opening of the account, or has engaged in collusion, cheating, or other unlawful conduct.
  - (2) The registered player is barred from placing interactive gaming wagers in the State.
  - (3) The registered player is or otherwise becomes ineligible pursuant to this Article.

(4) For any other reason at the sole discretion of the interactive gaming operator or platform provider, provided it is not in violation of federal or State law.

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

**Section 11. Civil penalties; suspension and revocation of licenses.**

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

(1) Suspend or revoke the license.

(2) Impose a monetary penalty of not more than ten thousand dollars (\$10,000) for each violation, not to exceed \$50,000 for violations arising from the same transaction or occurrence.

(b) Nonpublic record documents and materials that applicants and licensees submit to the Commission shall become public record if such materials are specifically identified by the Commission as providing a basis for a civil penalty, license suspension, license revocation, or other formal or informal enforcement action undertaken by the Commission against the licensee.

**Section 12. Criminal Penalties**

(a) Any person who offers interactive gaming without holding an interactive gaming license in violation of this Article shall be guilty of a felony.

(b) Any person under the age of 21 who engages in interactive gaming as defined under this Article shall be guilty of a misdemeanor.

(c) Any person who knowingly attempts to suborn, collude, or otherwise conspire to influence the outcome of an interactive game pursuant to this Article shall be guilty of a felony.

(d) Any applicant for an interactive gaming license or an interactive gaming supplier license who willfully furnishes, supplies, or otherwise gives false information on the license application shall be guilty of a felony.

(e) Any person or entity who constitutes, facilitates, advertises, promotes, markets, brands, or otherwise displays interactive gaming brands of unlicensed interactive gaming products or services shall be guilty of violating the Lanham Act 15 U.S.C. §1125(a) and [insert State's deceptive, misleading and/or false advertising statute, if applicable].

(f) Nothing in this Article shall be construed to allow the interactive gaming operator or its or platform providers or suppliers to be charged with a violation of subsection (d) of this section absent actual notice and knowledge that a person is giving false information.

**Section 13. Voluntary exclusion program**

(a) The Commission shall establish a voluntary exclusion program for any individual to voluntarily exclude themselves from interactive gaming under this Article. Licensees under this Article shall use reasonable means to comply with the exclusion of individuals participating in the voluntary exclusion program by the Commission.

(b) The Commission shall adopt rules to establish the voluntary exclusion program, which shall provide for all of the following:

(1) Verification of the individual's request to be placed in the voluntary exclusion program, and for how long, up to and including that individual's lifetime.

(2) How information regarding which individuals are in the voluntary exclusion program is to be disseminated to licensees under this Article.

(3) How an individual in the voluntary exclusion program may petition the Commission for removal from the voluntary exclusion program.

(4) The means by which licensees under this Article and their agents shall make all reasonable efforts to cease direct marketing efforts to individuals participating in the voluntary exclusion program.

(5) The means by which the Commission shall make available to all licensees under this Article and their agents the names of the individuals participating, and requesting to participate, in the voluntary exclusion program, including updates to such list.

(c) The names of the individuals participating, or requesting to participate, in the voluntary exclusion program shall be treated as confidential by each licensee under this Article. Licensees under this Article conducting interactive gaming, sports wagering or parimutuel in another state may share the information provided under this section with its agents and affiliates in other states for excluding individuals participating in the voluntary exclusion program.

**Section 14. Compliance with federal law; Indian gaming.**

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

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

**Section 15. Reciprocal Agreements with Permissible Jurisdictions**

(a) The state may enter into reciprocal agreements with permissible jurisdictions for the conduct of interactive gaming, provided such agreements are not inconsistent with federal law and the law of the jurisdiction in which the person placing a wager is located.

(b) An interactive gaming operator or platform provider in this state may accept interactive gaming wagers from persons physically located in a permissible jurisdiction pursuant to a reciprocal agreement.

(c) A reciprocal agreement with a permissible jurisdiction may allow a person physically located in this state to place a wager with an interactive gaming operator or platform provider in such permissible jurisdiction.

**Section 16. [State-specific gambling law carveouts]**

**Section 17. Tax on interactive gaming operators.**

(a) A tax at the rate XX% is imposed on the adjusted gross revenue of each interactive gaming operator or platform provider. With the exception of licensing fees, this privilege tax is in lieu of all other taxes and fees imposed on the operation of interactive gaming or on the proceeds from the operation of interactive gaming in this state.

(b) If the amount of adjusted gross wagering revenue is a negative number for any month, the interactive gaming operator or platform provider shall carry forward the negative amount to the return filed for the subsequent month.

(c) Taxes levied by this Article are due when a return is required to be filed. The return is due on a monthly basis. A monthly return is due by the twentieth fifth day of the month following the calendar month covered by the return. Should this date fall on a non business day the return will be due the following business day. A return is filed on a form prescribed by the Secretary. Payment must be issued by ACH or wire as prescribed by the Secretary.

(d) A person who is required to file a return under this Article must keep a record of all documents used to determine information the person provides in a return. These records shall be open at all times for inspection by the Secretary or an authorized representative of the Secretary and shall be kept for the applicable period of statute of limitations as set forth under Article 9 of this Chapter.

(e) An interactive gaming operator or platform provider is allowed a refund of the tax paid under this section on an interactive gaming wager that has been refunded. The Secretary shall prescribe the manner in which an interactive gaming operator or platform provider may request a refund under this

subsection, which may include allowing a credit for the amount refunded on a subsequent monthly return required under this section.

**Section 18. Bond or irrevocable letter of credit.**

The Commission may require an interactive gaming operator or platform provider to furnish a bond in an amount that adequately protects the state from a failure to pay taxes due under this Article. A bond must be conditioned on compliance with this Article, payable to the State, and in the form required by the Commission. The amount of the bond is two times the interactive gaming operator or platform provider's expected monthly tax liability under this Article, as determined by the Commission, provided the amount of the bond may not be less than fifty thousand dollars (\$50,000) and may not be more than one million dollars (\$1,000,000). The Commission should periodically review the sufficiency of bonds required of interactive gaming operators and platform providers and increase the amount of a required bond when the amount of the bond furnished no longer covers the anticipated tax liability of the interactive gaming operator and decrease the amount when the Commission determines that a smaller bond amount will adequately protect the state from loss.

For purposes of this section, an interactive gaming operator or platform provider may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Commission and available to the state as a beneficiary. The letter of credit must be in a form acceptable to the Commission, conditioned upon compliance with this Article, and in the amounts stipulated in this section.

**Section 19. Use of tax proceeds.**

- (a) The Commission shall use sufficient funds from the fees collected under this Act to cover the direct administrative expenses of the Commission to implement this act as provided in Section 7.
- (b) The Commission shall distribute the taxes collected under this Article in the following priority:
  - (1) One million dollars (\$1,000,000) annually to the Department of Health and Human Services for problem gambling education and treatment programs; and
  - (2) The remainder annually to the General Fund.

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

**ARTICLE II**

The Commission shall promulgate, provide for public comment, and adopt rules with 90 days of the effective date of this act. The Commission shall establish a date upon which it will begin accepting applications for licenses under this Act. Interactive gaming shall not be authorized in the State until a date identified by the Commission, which shall occur as soon as practicable and may be no later than 12 months after the date this act becomes law.

**ARTICLE III**

This act is effective when it becomes law.