## SENATE

Text of amendment (Senator Tarr) to the Senate Bill making appropriations for the fiscal year 2021 for the maintenance of the departments, boards, commissions, institutions and certain activities of the commonwealth, for interest, sinking fund and serial bond requirements and for certain permanent improvements (Senate, No. 4).

# $\mathbb{T h e} \mathbb{C o m m o n m e a l t h ~ o f ~} \mathfrak{A l l a s s a c h u s e t t s}$ 

In the One Hundred and Ninety-First General Court
(2019-2020)
by inserting the following new sections:-
"SECTION 1. Chapter 4 of the General Laws, as so appearing in the 2018 official edition, is hereby amended by striking out lines 67-76, in section 7 , and inserting in place thereof the following:-

Tenth, "illegal gaming," a banking or percentage game played with cards, dice, tiles or dominoes, or an electronic, electrical or mechanical device or machine for money, property, checks, credit or any representative of value, but excluding: (i) a lottery game conducted by the state lottery commission, under sections $24,24 \mathrm{~A}$ and 27 of chapter 10 ; (ii) a game conducted under chapter 23 K ; (iii) a sports wager conducted under chapter 23 N ; (iv) pari-mutuel wagering on horse races under chapters 128A and 128C and greyhound races under said chapter 128C; (v) a game of bingo conducted under chapter 271; and (vi) charitable gaming conducted under said chapter 271.

SECTION 2. The General Laws, as so appearing, are hereby amended by inserting after chapter 23 M , the following new chapter:

Chapter 23N: Authorization and Regulation of Sports Wagering

Section 1. Notwithstanding any provision or law to the contrary, the operation of sports wagering and ancillary activities are lawful when conducted in accordance with this chapter and chapter 23 K .

Section 2. As used in this chapter, the following words shall, unless the context clearly requires otherwise have the following meanings:--
"Category S license", a category S1, S2, or SM license issued by the commission.
"Category S licensee", an operator who holds a category S license.
"Category S1 license", a license issued by the commission pursuant to this chapter that permits the licensee to operate a sports pool at a category 1 gaming establishment under chapter 23 K and operate up to 3 online sports pools.
"Category S2 license", a license issued by the commission that permits the operation of sports wagering in person or through a mobile application and other digital platforms at a race track as defined in section 1 of chapter 128A or a license issued by the commission that permits the operation of sports wagering through a mobile application and other digital platforms and in person at a live thoroughbred race track approved by the commission, provided that said race track makes an initial capital investment of at least $\$ 20 \mathrm{M}$ and conducts at least ten race days per year.
"Category SM license", a license issued by the commission pursuant to this chapter that permits the licensee to operate an online sports pool.
"Collegiate sporting event", a sporting event in which a postsecondary athletic team or teams or an individual on behalf of a postsecondary institution competes.
"Commission"; the Massachusetts gaming commission established in section 3 of chapter 23K.
"Electronic sports", a single or multiplayer video game played competitively by professional gamers.
"Gross sports wagering revenues", the total gross receipts derived from sports wagers.
"In-play sports wager", a sports wager on a sporting event after the sporting event has commenced and before it concludes; provided that the commission shall approve all in-play sports wagering in a manner it prescribes; provided further that this definition does not include in-play sports wagers on the sole performance or nonperformance of any individual participating in a collegiate sporting event or events.
"Online sports pool", a sports pool operation, operating pursuant to a proper category S license issued by the commission, in which wagers on sporting events are made over the internet through computers, mobile applications or mobile devices.
"Online sports pool operator", an entity that holds a license issued by the commission to operate an online sports pool or is licensed under section 31 of chapter 23 K as a gaming vendor to operate an online sports pool.
"Personal biometric data", an athlete's personal and medical information including, but not limited to: DNA, heart rate, blood pressure, perspiration rate, internal or external body
temperature, hormone levels, glucose levels, hydration levels, vitamin levels, bone density, muscle density, and sleep patterns.
"Sports wager", a cash or cash equivalent paid by an individual to participate in sports wagering.
"Professional sport", a sport in which professional athletes compete or an event designated by the commission.
"Prohibited conduct", any statement, action, and other communication intended to unduly or unlawfully influence, manipulate, or control a betting outcome of a sporting contest or of any individual occurrence or performance in a sporting contest in exchange for financial gain or to avoid financial or physical harm.
"Prohibited sporting event" includes:
(a)Any amateur sporting event where the participants are primarily under the age of 18 ;
(b)Any collegiate sporting event not involving Division I teams and athletes, as defined by the National Collegiate Athletic Association.
(c)Any Olympic event;
(d)Any electronic sports event; and
(e)Any fantasy contest as defined in section 135 of chapter 219 of the acts of 2016.
"Prohibited sports bettor" means:
(a)Any member or employee of the commission and any spouse, child, sibling, or parent residing in the same household as a member or an employee of the commission;
(b)Any contractor of the commission or its agents when such contract relates to the conduct of sports wagering;
(c)Any contractor or employee of an entity that conducts sports wagering in another jurisdiction when the bettor possesses confidential nonpublic information as a result of his or her contract or employment relating to the wager being placed;
(d)Any amateur or professional athlete if the sports wager is based in whole or in part on a sport or athletic event overseen by the athlete's sports governing body;
(e)Any sports agent, owner, or employee of a team, player, umpire, referee, coach, union official, or official of a sports governing body if the sports wager is based in whole or part on a sport or athletic event overseen by the governing sports body which oversees the individual's sport;
(f)Any individual placing a wager as an agent of or proxy for a prohibited sports bettor;
(g)Any person under the age of 21 ;
(h)Any individual who has an ownership interest in, control of, or is otherwise employed by a Category S licensee;
(i)The directors, officers, owners, and employees of the operator, and any relative living in the same household as such persons; and
(j)Persons who hold a position of authority or influence sufficient to exert influence over the participants in a sporting event;
(k)Persons physically located outside of the commonwealth.
"Sporting event", any professional sport or athletic event, or a collegiate sport or athletic event;
"Sports governing body", a sports organization that has a regulatory, sanctioning or organizing function for a specific sport or athletic event; provided that this definition shall include, but not be limited to, a professional sports organization as defined in 28 U.S.C. section 3701(3) and national governing body as defined in 36 U.S.C. section 220501(b)(8).
"Sports pool", the business of accepting wagers on a sporting event by any system or method of wagering approved by the commission.
"Sports wager", a cash or cash equivalent paid by an individual to participate in sports wagering.
"Sports wagering", the act of betting or wagering on sporting events or portions of sporting events, the individual performance statistics of athletes in a sporting event, or a combination of any of the same by any system or method of wagering approved by the commission including, but not limited to in person bets, or mobile applications and other digital platforms; provided that this definition includes, but is not limited to: single-game bets, teaser bets, parlays, over-under, money line, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, and straight bets; provided further, that this definition does not include:
(a)Pari-mutuel betting on the outcome of thoroughbred or harness horse racing as authorized under chapter 128A;
(b)Lottery games of the Massachusetts state lottery as authorized under section 37 of chapter 10;
(c)Bingo as authorized under section 22B of chapter 271;
(d)Keno as authorized under section 27A of chapter 10;
(e)Fantasy contests as defined in section 135 of chapter 219 of the acts of 2016;
"Student athlete", an eligible participant in a collegiate sporting event.

Section 3. Massachusetts Gaming Commission Regulatory Powers

Except as otherwise provided by this chapter, the commission shall have the authority to regulate sports pools, online sports pools, and the conduct of sports wagering under this chapter and chapter 23 K to the extent that the commission regulates casino games. In developing rules and regulations applicable to sports wagering, the commission may examine the regulations implemented in other states where sports wagering is conducted and may, as far as practicable, adopt a similar regulatory framework. The commission shall promulgate regulations necessary to facilitate sports wagering, including, but not limited to, regulations governing the:
(a)amount of cash reserves to be maintained by operators to cover winning wagers;
(b)permitted wagers and eligible sporting events;
(c)maximum wagers which may be accepted by an operator from any one individual on any one sporting event;
(d)type of wagering tickets which may be used;
(e)method of issuing tickets;
(f)method of accounting to be used by operators;
(g)types of records which shall be kept;
(h)yearly review for all Category S licensees;
(i)protections for a person placing a wager, including age verification and geo-location;
(j)security of servers, software and hardware;
(k)inspection procedures for any devices, equipment, and accessories related to sports wagering;
(1)procedures for handling suspected cheating and sports-wagering irregularities;
(m)procedures for investigating complaints related to sports wagering;
(n)security mechanisms to ensure the confidentiality of personal and financial information;
(o)procedures that allow a category S licensee, a professional sports team, league, association, or sports governing body to submit to the commission in writing a request to prohibit a type or form of wagering if the sports pool licensee, professional sports team, league, association, or sports governing body believes that such wagering is contrary to public policy, unfair to consumers, or affects the integrity of a particular sport or the sports betting industry.

The commission shall promulgate regulations to determine the criteria for assessing and acting on the request.

Section 4. Prohibitions
(a) The following persons shall not be permitted to have ownership interest in, control of, or otherwise be employed by a Category S licensee or place a wager on a sporting event that is overseen by that person's sports governing body:
(1)Any person who is an athlete, coach, trainer, referee, or employee of a sports governing body or any of its member teams;
(2)A sports governing body or any of its member teams;
(b) No commission member or employee may be an applicant for any license issued under this chapter.

Section 5. Category S1 Licenses
(a)The commission may issue a request for Category S1 licenses.
(1)The commission shall establish deadlines for the receipt of all applications for a Category S1 license. Applications received after the deadline shall not be reviewed by the commission;
(2)The commission shall prescribe the form of the application pursuant to sections 9 and 12 of chapter 23 K ;
(3)The commission has the discretion to waive any or all portions of the suitability requirements if said applicant has already met the qualifications of suitability during a prior
chapter 23 K application process and has been awarded a gaming license. Said applicant still must submit an application and provide an application fee prior to the exercise of any determination or exercise of discretion made by the commission;
(4)The commission shall not grant a license to a gaming establishment that is currently or previously has contracted with any type of illegal offshore betting;
(5)Applications for licenses shall be public records under section 10 of chapter 66; provided however, that trade secrets or other proprietary information provided in the course of an application for a gaming establishment license under this chapter, the disclosure of which would place the applicant at a competitive disadvantage, may be withheld from disclosure under chapter 66.
(b) Category S1 applicants:
(1)shall submit an application to the commission in a manner prescribed by the commission and this chapter to verify the applicant's eligibility;
(2)shall have a continuing duty to provide any assistance or information required by the commission and to cooperate in any inquiry or investigation conducted by the commission or any other lawful investigation agency. Refusal to answer or produce information, evidence or testimony by an applicant may result in the denial of the license by the commission;
(3)shall not wilfully withhold information or knowingly give false or misleading information to the commission or any other lawful investigation agency;
(4)shall pay an application fee of $\$ 500,000$.
(c) Category S1 licensees:
(1)shall pay an initial licensing fee of $\$ 500,000$ within 30 days after the award of the license;
(2)shall pay a renewal fee of the greater of $\$ 500,000$ or the inflation adjusted equivalent of $\$ 500,000$ in January of the year 2021, as calculated by the Consumer Price Index of the Bureau of Labor Statistics for January of the current year if available; or the most recent month of the prior year for which statistics are available, every five years after the date of issuance of the initial license;
(3)shall offer sports wagering in person at said licensed facility;
(4)may conduct up to three online sports pools or may authorize up to three online sports pool operators licensed as gaming vendors under section 31 of 23 K to operate an online sports pool on its behalf;

Section 6. Category S2 licenses
(a)The commission may issue a request for Category S2 licenses.
(1)The commission shall establish deadlines for the receipt of all applications for a Category S2 license. Applications received after the deadline shall not be reviewed by the commission;
(2)The commission shall prescribe the form of the application pursuant to sections 9 and 12 of chapter 23 K ;
(3)The commission has the discretion to waive any or all portions of the suitability requirements if said applicant has already met the qualifications of suitability during a prior chapter 23 K application process and has been awarded a gaming license. Said applicant still
must submit an application and provide an application fee prior to the exercise of any determination or exercise of discretion made by the commission;
(4)The commission shall not grant a license to a gaming establishment that is currently or previously has contracted with any type of illegal offshore betting;
(5)Applications for licenses shall be public records under section 10 of chapter 66; provided however, that trade secrets or other proprietary information provided in the course of an application for a gaming establishment license under this chapter, the disclosure of which would place the applicant at a competitive disadvantage, may be withheld from disclosure under chapter 66.
(b) Category S2 applicants:
(1)shall submit an application to the commission in a manner prescribed by the commission and this chapter to verify the applicant's eligibility;
(2)shall have a continuing duty to provide any assistance or information required by the commission and to cooperate in any inquiry or investigation conducted by the commission or any other lawful investigation agency. Refusal to answer or produce information, evidence or testimony by an applicant may result in the denial of the license by the commission;
(3)shall not wilfully withhold information or knowingly give false or misleading information to the commission or any other lawful investigation agency;
(4)shall pay an application fee of $\$ 500,000$.
(c) Category S2 licensees:
(1)shall pay an initial licensing fee of $\$ 500,000$ within 30 days after the award of the license;
(2)shall pay a renewal fee of the greater of $\$ 500,000$ or the inflation adjusted equivalent of $\$ 500,000$ in January of the year 2021, as calculated by the Consumer Price Index of the Bureau of Labor Statistics for January of the current year if available; or the most recent month of the prior year for which statistics are available, every five years after the date of issuance of the initial license;
(3)shall offer sports wagering in person at said licensed facility;
(4)may conduct up to three online sports pools or may authorize up to three online sports pool operators licensed as gaming vendors under section 31 of 23 K to operate an online sports pool on its behalf;

Section 7. Category SM Licenses
(a)The commission may issue a request for Category SM licenses and shall issue no more than five category SM licenses.
(1)The commission shall establish deadlines for the receipt of all applications for a Category SM license. Applications received after the deadline shall not be reviewed by the commission;
(2)The commission shall prescribe the form of the application pursuant to sections 9 and 12 of chapter 23 K ;
(3)Upon receipt of an application for a Category SM license the commission shall commence an investigation into the suitability of the applicant pursuant to section 12 of chapter 23K;
(4)The commission shall not grant a license to a gaming establishment that is currently or previously has contracted with any type of illegal offshore betting;
(5)Applications for licenses shall be public records under section 10 of chapter 66; provided however, that trade secrets or other proprietary information provided in the course of an application for a gaming establishment license under this chapter, the disclosure of which would place the applicant at a competitive disadvantage, may be withheld from disclosure under chapter 66.
(b) Category SM applicants:
(1)shall submit an application to the commission in a manner prescribed by the commission and this chapter to verify the applicant's eligibility;
(2)shall have a continuing duty to provide any assistance or information required by the commission and to cooperate in any inquiry or investigation conducted by the commission or any other lawful investigation agency. Refusal to answer or produce information, evidence or testimony by an applicant may result in the denial of the license by the commission;
(3)shall not wilfully withhold information or knowingly give false or misleading information to the commission or any other lawful investigation agency;
(4)shall pay an application fee of $\$ 500,000$;
(c) Category SM licensees:
(1)shall pay an initial licensing fee of $\$ 500,000$ within 30 days after the award of the license;
(2)shall pay a renewal fee of the greater of $\$ 500,000$ or the inflation adjusted equivalent of $\$ 500,000$ in January of the year 2021, as calculated by the Consumer Price Index of the Bureau of Labor Statistics for January of the current year if available; or the most recent month of the prior year for which statistics are available, every five years after the date of issuance of the initial license;
(3)shall conduct one online sports pool;
(4)shall hold in escrow the amount equal to deposits and unsettled bets. No escrow assets shall be commingled;

Section 8 . The following regulations shall apply to Category S licensees:
(a) Category $S$ licensees shall verify that a person placing a wager is twenty-one years of age;
(b)Category S licensees shall prohibit the use of credit cards in placing sports wagers on its premises, website or online application, however this provision does not exclude the use of debit cards;
(c)Category S licensees shall allow individuals to restrict themselves from placing wagers with the operator;
(d)Category S licensees shall maintain records in accordance with regulations promulgated by the commission;
(e)Category S licensees shall not accept wagers on prohibited sporting events or from prohibited bettors as defined in this chapter;
(f)Category S licensees shall implement responsible gaming programs that include comprehensive employee trainings on responding to circumstances in which individuals present signs of a gambling addiction;
(g)Category S licensees shall not purchase or otherwise use any personal biometric data of an athlete for the purpose of sports wagering;
(h)Category S licensees shall verify that a person is not a prohibited sports bettor as defined in this chapter; and
(i)Category S licensees shall maintain the security of wagering data, customer data, and other confidential information from unauthorized access and dissemination.
(j)Category S licensees shall be required to maintain all hardware and servers in the commonwealth;
(k)Category S licensees shall have a continuing duty to provide any assistance or information required by the commission and to cooperate in any inquiry or investigation conducted by the commission or any other lawful investigation agency. Refusal to answer or produce information, evidence or testimony by an applicant may result in a fine, or a suspension, revocation or non-renewal of said license;
(1)Category S licensees shall not wilfully withhold information or knowingly give false or misleading information to the commission or any other lawful investigation agency;
(m) Category S licensees shall be subject to a yearly review as described by the commission. If said operator violates any section of this act or Chapter 23 K it will be at the discretion of the commission whether to renew, suspend or revoke said license;

Section 10. The commission shall promulgate regulations for the implementation, administration and enforcement of this chapter including, without limitation, advertising regulations that:
(a)Prohibit the targeting of minors, students, schools or colleges, problem gamblers, or other vulnerable persons, and which may include limitations on the form, content, quantity, timing, and location of advertisements.
(b)Prohibit the depiction of minors, students, schools or colleges, or school or college settings; provided that incidental depiction of non-featured minors will not be a violation of this subsection;
(c)Establish criteria to ensure advertisements do not state or imply endorsement by minors, collegiate athletes, colleges, or college athletic associations;
(d)Require the disclosure of the sports pool operator;
(e)Provide information about links to resources relating to gambling addiction.
(f)Require the prohibition of the following advertising, marketing, and branding activities:
(1)Advertisements, marketing, and branding in such a manner that it is deemed to be deceptive, false, misleading, or untrue, or tends to deceive or create a misleading impression whether directly, or by ambiguity or omission;
(2)Advertising, marketing and branding by means of television, radio, internet, mobile applications, social media, or other electronic communication, billboard or other outdoor advertising, or print publication, unless at least $85 \%$ of the audience is reasonably expected to be 21 years of age or older as determined by reliable and current audience composition data;
(3)Advertising, marketing, and branding that utilizes statements, designs, representations, pictures or illustrations that portray anyone younger than 21 years old;
(4)Advertising, marketing, and branding including, but not limited to, mascots, cartoons, brand sponsorships and celebrity endorsements, that is deemed to appeal to a person younger than 21 years old;
(5)Advertising on any billboards, or any other public signage, which fails to comply with all state and local ordinances and requirements;
(6)Use of unsolicited pop-up advertisements on the internet or text message;
(7)Advertising, marketing or branding, on or in public or private vehicles and at bus stops, taxi stands, transportation waiting areas, train stations, airports, or other similar transportation venues including, but not limited to, vinyl-wrapped vehicles or signs or logos on transportation vehicles or company cars;
(8)Any other advertising, marketing, or branding that the commission otherwise deems unacceptable or disruptive to viewer experience.
(g) Require all representations concerning winnings to be accurate, not misleading, and capable of substantiation at the time the representation is made; an advertisement is misleading if
it makes representations about average winnings without representing the average net winnings of all players.
(h) Prohibit licensees under this chapter from advertising in publications or other media in Massachusetts that are aimed at minors;

Section 11. Pursuant to section 71 of chapter 23 K , the commission shall study issues including, but not limited to: 1) an assessment of whether problem sports wagering is comorbid with problem gambling or gaming; 2) an assessment as to whether the individuals participating in sports wagering are different than those who participate in other forms of gaming or gambling; 3 ) an assessment of the impact of sports wagering on youth under the age of 25; and 4) an assessment of the impact of sports wagering on college athletics and professional sports.

Section 12. The commission shall establish and facilitate a confidential integrity helpline for players, athletes, coaches, employees of a sports organization, employees of a sports pool operator, and members of the general public to report allegations of potential violations of this act. There shall be a helpline phone number prominently displayed on the commission website and incorporated into public service announcements, displays and marketing mediums to ensure widest dissemination and availability.

Section 13. A sports pool operator or sports organization may not discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee because of any lawful act done by the employee to provide information, cause information to be provided, or otherwise assist in an investigation regarding any conduct which the employee reasonably believes constitutes a violation of this act.

Section 14. Enforcement and penalties under this section shall be pursuant to sections 6 and $35,36,37,38,39,40,41,42$ and 43 of chapter 23 K .

Section 15. Winnings from sports wagering shall be subject to sections 51 and 52 of chapter 23 K .

Section 16.
(a)All Category S licensees shall pay a monthly tax of 10 percent on gross sports wagering revenue on sports wagers received in person at a licensed facility;
(b)All Category S licensees shall pay a monthly tax of 12 percent on gross sports wagering revenue on sports wagers received through electronic means not on site at a licensed facility;
(c)The operator of fantasy contests as defined in section 135 of chapter 219 of the acts of 2016 shall pay a tax of 12 percent on revenue from fantasy contests that shall be remitted to the commission no less frequently than monthly by the operator;
(d)There shall be established a separate fund to be known as the Collegiate Health, Wellness and Education Fund. Five percent of sports wagering revenue shall be deposited into the Collegiate Health, Wellness and Education Fund annually to educate student athletes on relevant sports wagering regulations, the procedures for reporting a violation of those regulations, and for the protection of the student athletes reporting such violations. All remaining funds under this section shall be deposited into the Gaming Revenue Fund established 59 of Chapter 23K.
(e) There shall be established a separate fund to be known as the Commonwealth Economic Recovery Fund to be administered by the executive office of housing and economic development. One hundred percent of the application fees established under proposed Chapter 23 N section $5(\mathrm{~b})(4)$, section $6(\mathrm{~b})(4)$, and section $7(\mathrm{~b})(4)$, , additionally one hundred percent of the initial licensing fee established under proposed Chapter 23N section 5 (c)(1), section 6 (c)(1), and section 7 (c)(1),shall be deposited into the Commonwealth Economic Recovery fund annually for the first two years after initial licenses are issued. Said fund shall provide grants to municipalities in a manner determined by the secretary of housing and economic development.

SECTION 2. Section 2 of chapter 271 of the general laws is hereby amended in line 4, by striking out "except as permitted under chapter 23 k " and inserting in its place thereof the following:- "except as permitted under chapters 23 K or 23 N ".

SECTION 3. Section 3 of chapter 271 of the general laws is hereby amended, in line 1, by striking out "Except as permitted under chapter 23 K " and inserting in its place thereof the following:- "Except as permitted under chapters 23 K or 23 N ."

SECTION 4. Section 5 of chapter 271 of the general laws is hereby amended, in line 1 , by striking out "except as permitted under chapter 23 K " and inserting in its place thereof the following:- "except as permitted under chapters 23 K or 23 N ."

SECTION 5. Section 5B of chapter 271 of the general laws is hereby amended, in line 584 , by striking out "under chapter 23 K " and inserting in its place thereof the following:"under chapters 23 K or 23 N ."

SECTION 6. Section 8 of chapter 271 of the general laws is hereby amended, by striking out lines 10-11 and inserting in its place thereof the following:- "other gaming or wagering that is not being conducted pursuant to chapters 23 K or 23 N ."

SECTION 7. Section 17A of Chapter 271 of the general laws is hereby amended by striking line 16 and inserting in its place the following:- "authorized pursuant to the provisions of chapters $23 \mathrm{~K}, 23 \mathrm{~N}$ or section 5 C of chapter 128A."

SECTION 8. Section 16 (e) of proposed chapter 23 N is hereby repealed

SECTION 9. Section 8 shall take effect on December 31, 2022 or two years after the issuance of licenses established under this act.

