

HOUSE No. 506

The Commonwealth of Massachusetts

PRESENTED BY:

Daniel Cahill

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to regulate sports wagering.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Daniel Cahill</i>	<i>10th Essex</i>	<i>2/16/2021</i>
<i>Steven S. Howitt</i>	<i>4th Bristol</i>	<i>3/16/2021</i>

HOUSE No. 506

By Mr. Cahill of Lynn, a petition (accompanied by bill, House, No. 506) of Daniel Cahill and Steven S. Howitt relative to establishing and regulating sports wagering in the Commonwealth. Economic Development and Emerging Technologies.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act to regulate sports wagering.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Section 7 of chapter 4 of the General Laws, appearing in the 2018 Official Edition, is
2 hereby amended by striking out the Tenth clause and inserting in place thereof the following
3 clause:-

4 Tenth, “Illegal gaming,” a banking or percentage game played with cards, dice, tiles,
5 dominoes, or an electronic, electrical or mechanical device or machine for money, property,
6 checks, credit or any representative of value, but excluding: (i) a lottery game conducted by the
7 state lottery commission, under sections 24, 24A and 27 of chapter 10; (ii) a game conducted
8 under chapter 23K; (iii) sports wagering conducted under chapter 23N; (iv) pari-mutuel wagering
9 on horse races under chapters 128A and 128C and greyhound races under said chapter 128C; (v)
10 a game of bingo conducted under chapter 271; and (vi) charitable gaming conducted under said
11 chapter 271.

12 SECTION 7. The General Laws are hereby amended by inserting after chapter 23M the
13 following chapter:-

14 CHAPTER 23N.

15 AUTHORIZATION AND REGULATION OF SPORTS WAGERING

16 Section 1. This chapter shall be known and may be cited as the “Massachusetts Sports
17 Wagering Act”.

18 Section 2. Notwithstanding any provision of law to the contrary, the operation of sports
19 wagering and ancillary activities are lawful when conducted in accordance with the provisions of
20 this chapter and the rules and regulations of the commission.

21 Section 3. As used in this chapter the following words shall, unless the context clearly
22 requires otherwise, have the following meanings:-

23 “Adjusted gross sports wagering receipts”, an operator’s total gross receipts from sports
24 wagering, excluding sports wagers made with promotional gaming credits, less the total of all
25 winnings paid to wagerers in such games, which shall include the cash equivalent of any
26 merchandise or thing of value awarded as a prize, and all excise taxes paid pursuant to federal
27 law.

28 “Category 1 license”, a license issued by the commission that permits the operation of
29 sports wagering through a mobile application and other digital platforms approved by the
30 commission and in person at a gaming establishment as defined in section 2 of chapter 23K.

31 “Category 2 license”, (i) a license issued by the commission that permits the operation of
32 sports wagering in person or through a mobile application and other digital platforms approved

33 by the commission at a race track as defined in section 1 of chapter 128A or at a facility owned
34 or operated by a person who was a racing meeting licensee under said chapter 128A during
35 calendar year 2020 and conducts pari-mutuel wagering in accordance with applicable laws; or
36 (ii) a license issued by the commission that permits the operation of sports wagering in person or
37 through a mobile application and other digital platforms and in person at a live thoroughbred
38 race track approved by the commission, provided that said licensee (A) operates a thoroughbred
39 horse racing track with at least a 1 mile circumference; (B) has received approval from the New
40 England Horsemen’s Benevolent and Protective Association to conduct sports wagering pursuant
41 to this chapter; and (C) makes a capital investment of not less than \$25,000,000 within 3 years
42 after receiving a license and conducts at least ten race days in a year.

43 “Category 3 license”, a license issued by the commission that permits the operation of
44 sports wagering through a mobile application and other digital platforms approved by the
45 commission.

46 “Collegiate sport or athletic event”, a sport or athletic event offered or sponsored by, or
47 played in connection with, a public or private institution that offers educational services beyond
48 the secondary level.

49 “Commission”, the Massachusetts gaming commission established in section 3 of chapter
50 23K.

51 “Governmental authority”, any governmental unit of a national, state or local body
52 exercising governmental functions, other than the United States government.

53 “License”, any license, applied for or issued by the commission under this chapter,
54 including, but not limited to: (i) an operator license; or (ii) an occupational license.

55 “National criminal history background check system”, the criminal history record system
56 maintained by the Federal Bureau of Investigation, based on fingerprint identification or any
57 other method of positive identification.

58 “Occupational license”, a license required by an employee of an operator when the
59 employee performs duties directly related to the operation of sports wagering in the
60 commonwealth in a supervisory role.

61 “Operator” or “sports wagering operator”, any entity permitted under this chapter to offer
62 sports wagering to persons in the commonwealth through a category 1 license, category 2 license
63 or category 3 license.

64 “Operator license”, a category 1 license, category 2 license or category 3 license to
65 operate sports wagering.

66 “Official league data”, statistics, results, outcomes and other data relating to a sporting
67 event that is obtained pursuant to an agreement with the relevant sports governing body, or with
68 an entity expressly authorized by the relevant sports governing body to provide such data to
69 sports wagering operators, which authorizes the use of such data for determining the outcome of
70 tier 2 sports wagers on such sporting event.

71 “Professional sport or athletic event”, an event at which 2 or more persons participate in a
72 sports event and receive compensation in excess of actual expenses for their participation in such
73 event.

74 “Promotional gaming credit”, a sports wagering credit or other item issued by an operator
75 to a patron to enable the placement of a sports wager.

76 “Qualified gaming entity”, an entity that: (i) holds a gaming license as defined in section
77 2 of chapter 23K; (ii) holds a license to conduct a racing meeting as defined in section 1 of
78 chapter 128A or was licensed as a grey hound or horse racing meeting licensee pursuant to
79 chapter 128A during calendar year 2020 and conducts pari-mutuel wagering in accordance with
80 applicable laws; (iii) holds a license issued by the commission that permits the operation of
81 sports wagering through a mobile application and other digital platforms and in person at a live
82 thoroughbred race track approved by the commission, provided that said licensee (A) operates a
83 thoroughbred horse racing track with at least a 1 mile circumference; (B) has received approval
84 from the New England Horsemen’s Benevolent and Protective Association to conduct sports
85 wagering pursuant to this chapter; and (C) makes a capital investment of not less than
86 \$25,000,000 within 3 years after receiving a license. and conducts at least ten race days in a year;
87 or (iv) offers an interactive sports wagering platform.

88 “Sports event” or “sporting event”, any professional sport or athletic event, collegiate
89 sport or athletic event, motor race event, electronic sports event, competitive video game event
90 or any other event authorized by the commission under this chapter.

91 “Sports governing body”, an organization that is headquartered in the United States and
92 prescribes final rules and enforces codes of conduct with respect to a sporting event and
93 participants therein.

94 “Sports wagering”, the business of accepting wagers on sporting events or portions of
95 sporting events, other events, the individual performance statistics of athletes in a sporting event
96 or other events or a combination of any of the same by any system or method of wagering
97 approved by the commission including, but not limited to, mobile applications and other digital

98 platforms; provided, that sports wagering shall not include the acceptance of any wager with an
99 outcome dependent on the performance of an individual athlete in any collegiate sport or athletic
100 event, including but not limited, to in-game or in-play wagers; provided, further that sports
101 wagering shall not include any acceptance of wagers on a high school or youth sporting event;
102 provided further, that sports wagering shall not include fantasy contests as defined in section 135
103 of chapter 219 of the acts of 2016. Sports wagering shall include, but is not limited to, single-
104 game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game
105 wagering, in-play bets, proposition bets and straight bets.

106 “Sports wagering account”, a financial record established by an operator for an individual
107 patron in which the patron may deposit by any method approved by the commission and
108 withdraw funds for sports wagering and other authorized purchases, and to which the operator
109 may credit winnings or other amounts due to or authorized by that patron. Such account may be
110 established and funded by the patron electronically through an approved mobile application or
111 digital platform.

112 “Tier 1 sports wager”, a sports wager that is determined solely by the final score or
113 outcome of a sporting event and is placed before the sporting event has begun.

114 “Tier 2 sports wager”, a sports wager that is not a tier 1 sports wager.

115 “Wager”, a sum of money or thing of value risked on an uncertain occurrence.

116 Section 4. (a) The commission shall have the authority to regulate the conduct of sports
117 wagering under this chapter. The power and authority granted to the commission shall be
118 construed as broadly as necessary for the implementation, administration and enforcement of this
119 chapter.

120 (b) The commission shall examine the rules and regulations implemented in other states
121 where sports wagering is authorized and shall, as far as practicable, adopt a similar regulatory
122 framework through promulgation of rules and regulations.

123 (c) The commission shall have the authority to promulgate rules and regulations
124 necessary for the implementation, administration and enforcement of this chapter. The
125 commission may promulgate emergency rules and regulations in accordance with applicable
126 procedures for the promulgation of emergency rules and regulations.

127 (d) The commission may promulgate rules and regulations including, but not limited to,
128 those governing the acceptance of wagers on a sports event, other event or a series of sports
129 events; types of wagering receipts which may be used; methods of issuing receipts; methods of
130 accounting to be used by operators; types of records to be kept; types of systems for wagering;
131 protections for patrons placing wagers; and promotion of social responsibility and responsible
132 gambling;

133 (e) The commission shall prescribe the form of the application for sports wagering
134 licenses which shall require, but not be limited to an agreement that the applicant shall mitigate
135 the potential negative public health consequences associated with gambling and the operation of
136 a gaming establishment, including: (i) prominently displaying information on the signs of
137 problem gambling and how to access assistance; (ii) describing a process for individuals to
138 exclude their names and contact information from a gaming licensee's database or any other list
139 held by the gaming licensee for use in marketing or promotional communications; and (iii)
140 instituting other public health strategies as determined by the commission, including leveraging
141 technological tools using mobile technology.

142 (f) The commission shall determine the eligibility of a person to hold or continue to hold
143 a license, shall issue all licenses and shall maintain a record of all licenses issued under this
144 chapter. The commission may accept applications, evaluate qualifications of applicants,
145 undertake initial review of licenses and issue temporary licenses upon the effective date of this
146 chapter.

147 (g) The commission shall levy and collect all fees, surcharges, civil penalties and taxes on
148 adjusted gross sports wagering receipts imposed by this chapter, except as otherwise provided
149 under this chapter.

150 (h) The commission shall have the authority to enforce this chapter and any rule or
151 regulation of the commission and may request that the attorney general bring an action to enforce
152 this chapter or any rule or regulation of the commission by civil action or petition for injunctive
153 relief.

154 (i) The commission may hold hearings, administer oaths and issue subpoenas or
155 subpoenas duces tecum in order to enforce this chapter and the rules and regulations of the
156 commission.

157 (j) The commission may exercise any other powers necessary to effectuate this chapter
158 and the rules and regulations of the commission.

159 (k) Any public records provided to the Commission by an applicant or licensee under this
160 chapter that the Commission determines constitute a trade secret, or are competitively-sensitive
161 or proprietary, and that the public disclosure of the record would be detrimental to or place said
162 applicant or licensee at a competitive disadvantage, may be withheld from disclosure under
163 section 10 of chapter 66.

164 Section 5. (a) No person shall engage in any activity in connection with sports wagering
165 in the commonwealth unless all necessary licenses or temporary licenses have been obtained in
166 accordance with this chapter and rules and regulations of the commission.

167 (b) The commission shall not grant an operator license, other than a temporary license
168 pursuant to subsection (c) of section 6, until it determines that each person who has control of the
169 applicant meets all qualifications for licensure. The following persons are considered to have
170 control of an applicant:

171 (1) Each person who owns 10 per cent or more of a corporate applicant and who has the
172 ability to control the activities of the corporate applicant; provided, however, that a bank or other
173 licensed lending institution which holds a mortgage or other lien acquired in the ordinary course
174 of business shall not be considered to have control of an applicant;

175 (2) Each person who holds a beneficial or proprietary interest of 10 per cent or more of a
176 non-corporate applicant's business operation and who has the ability to control the activities of
177 the non-corporate applicant; and

178 (3) At the commission's discretion, any executive, employee or agent having the power
179 to exercise significant influence over decisions concerning the applicant's sports wagering
180 operations in the commonwealth.

181 (c) Each controlling person pursuant to subsection (b) shall submit to the commission an
182 application in a form determined by the commission, and each such controlling person who is a
183 natural person shall submit to the commission: (i) fingerprints for a national criminal records
184 check by the department of the state police and the Federal Bureau of Investigation; and (ii) a
185 signed authorization for the release of information by the department of the state police and the

186 Federal Bureau of Investigation; provided, however, that a controlling person who is a natural
187 person that has submitted to a national criminal records check in any jurisdiction within the
188 previous year shall not be required to submit to another national criminal records check if such
189 person submits to the commission the results of such previous national criminal records check.
190 Any applicant convicted of any disqualifying offense shall not be licensed.

191 (d) Each person licensed under this chapter shall give the commission written notice
192 within 30 days of any change to any material information provided in the application for a
193 license or renewal.

194 (e) No commission employee shall be an applicant for any license issued under this
195 chapter.

196 Section 6. (a) A licensed qualified gaming entity may operate sports wagering upon the
197 approval of the commission.

198 (b)(1) The commission shall issue a category 1 license to any holder of a gaming license,
199 as defined in section 2 of chapter 23K, that meets the requirements of this chapter and the rules
200 and regulations of the commission.

201 (2) The commission shall issue a category 2 license to: (i) any holder of a license to
202 conduct a racing meeting, as defined in section 1 of chapter 128A or to any person who was
203 licensed as a grey hound or horse racing meeting licensee pursuant to said chapter 128 during the
204 calendar year 2020 and conducts pari-mutuel wagering in accordance with applicable laws; or
205 (ii) a live thoroughbred race track approved by the commission, provided that said licensee (A)
206 operates a thoroughbred horse racing track with at least a 1 mile circumference; (B) has received
207 approval from the New England Horsemen's Benevolent and Protective Association to conduct

208 sports wagering pursuant to this chapter; and (C) makes a capital investment of not less than
209 \$25,000,000 within 3 years after receiving a license and conducts at least ten race days per year;
210 that meets the requirements of this chapter and the rules and regulations of the commission.

211 (3) The commission shall issue a category 3 license to any entity that offers an interactive
212 sports wagering platform and meets the requirements of this chapter and the rule and regulations
213 of the commission.

214 (4) All fees, surcharges, civil penalties and taxes collected by the Commission under this
215 chapter shall revert to the General Fund unless otherwise specified.

216 (c) Upon application by a qualified gaming entity and payment of a \$10,000,000
217 application fee, the commission shall grant an operator license to a qualified gaming entity that
218 provides for the right to conduct sports wagering; provided, that the qualified gaming entity
219 meets the requirements for licensure under this chapter and the rules and regulations of the
220 commission. Such license shall be issued for a 5-year period, and may be renewed for 5-year
221 periods upon payment of a \$1,250,000 renewal fee; provided, that an operator continues to meet
222 all requirements under this chapter and the rules and regulations of the commission.

223 (d) An operator shall submit to the commission such documentation or information as the
224 commission may require demonstrating that the operator continues to meet the requirements of
225 this chapter and the rules and regulations of the commission. An operator shall submit required
226 documentation or information no later than 5 years after issuance of its operator license and
227 every 5 years thereafter, or within lesser periods based on circumstances specified by the
228 commission.

229 (e) No licensee shall transfer a category 1, category 2, or category 3 license, or any direct
230 or indirect interest in the license, without the majority approval of the commission. A person
231 seeking to acquire a license through a transfer shall qualify and otherwise be determined by the
232 commission to be eligible for licensure under this chapter. The commission may reject a license
233 transfer or a transfer of interest in the license to an unsuitable person and may reject a proposed
234 transfer that, in the opinion of the commission, would be disadvantageous to the interests of the
235 commonwealth. The commission may promulgate regulations governing this process which may
236 include assessment of a fee to reflect the cost associated with reviewing the proposed transfer.

237 Section 7. (a) There shall be established and set up on the books of the Commonwealth a
238 separate fund to be known as the Sports Wagering Control Fund. The Commission shall be the
239 trustee of the fund and shall expend monies to finance operational activities of the Commission
240 pertaining to sports wagering. Funds from subsections b through d shall be deposited in this
241 Fund. The fund shall be credited any appropriations, bond proceeds or other monies authorized
242 by the general court and specifically designated to be credited thereto, the proceeds of the
243 assessments levied under this section unless otherwise specified, initial application fees for
244 licenses issued under sections 8 and 9 and such additional funds as are subject to the direction
245 and control of the commission. All available monies in the fund that are unexpended at the end
246 of each fiscal year shall not revert to the General Fund and shall be available for expenditure in
247 the subsequent fiscal year.

248 (b) The Commission shall establish fees for any investigation into a violation of this
249 chapter or regulation promulgated hereunder by a sports wagering licensee to be paid by the
250 sports wagering licensee including, but not limited to, billable hours by commission staff

251 involved in the investigation and the costs of services, equipment or other expenses that are
252 incurred by the commission during the investigation.

253 (c) Any remaining costs of the Commission necessary to maintain regulatory control over
254 sports wagering licensees that are not covered by: (i) the fees set forth in subsection (a); (ii) any
255 other fees assessed under this chapter; or (iii) any other designated sources of funding, shall be
256 assessed annually on sports wagering licensees under this chapter in proportion to its share of the
257 Commonwealth's total adjusted gross sports wagering receipts. Each sports wagering licensee
258 shall pay the amount assessed against it within 30 days after the date of the notice of assessment
259 from the commission.

260 (d) If the fees collected in subsections (b) and (c) exceed the cost required to maintain
261 regulatory control, the surplus funds shall be credited in proportional shares against each sports
262 wagering licensee's next assessment.

263 (e) In addition to the fees collected under this section and any additional costs of the
264 commission, the Commission shall also assess an annual fee of \$1,000,000 in shares to be
265 determined by the Commission against each sports wagering licensee that is not a category 1 or
266 category 2 gaming licensee as defined by MGL Chapter 23K for the costs of service and public
267 health programs dedicated to addressing problems associated with compulsive gambling or other
268 addiction services. Such assessed fees shall be deposited into the Public Health Trust Fund
269 established in section 58 of Chapter 23K.

270 Section 8. (a) An applicant for a sports wagering license shall pay to the commission a
271 nonrefundable processing fee of \$100,000 to defray the costs associated with the processing of
272 the application and investigation of the applicant; provided, however, that if the costs of the

273 investigation exceed the initial application fee, the applicant shall pay the additional amount to
274 the commission within 30 days after notification of insufficient fees or the application shall be
275 rejected.

276 (b) All fees in this section shall be deposited into the Sports Wagering Control Fund
277 established in section 7 of Chapter 23N.

278 Section 9. (a) All persons employed by an operator to perform duties directly related to
279 the operation of sports wagering in Massachusetts in a supervisory role shall maintain a valid
280 occupational license issued by the commission. The commission shall issue such occupational
281 license to a person who meets the requirements of this section.

282 (b) An occupational license authorizes the licensee to be employed in the capacity
283 designated by the commission while the license is active. The commission may establish, by rule
284 or regulation, job classifications with different requirements based on the extent to which a
285 particular job impacts, or has the potential to impact, the lawful operation of sports wagering.

286 (c) An applicant for an occupational license shall submit any required application forms
287 established by the commission and shall pay a nonrefundable application fee of \$100. An
288 employer may pay an application fee on behalf of an applicant.

289 (d) Each occupational license holder shall every 3 years pay to the commission a license
290 fee of \$100 by March 1 and submit a renewal application on the form required by the
291 commission. An employer may pay an application fee on behalf of the licensed employee.

292 Section 10. (a) For both operator and occupational licenses, the commission shall deny a
293 license to any applicant, reprimand any licensee or suspend or revoke a license, if the applicant
294 or licensee:

295 (1) has knowingly made a false statement of a material fact to the commission;

296 (2) has had a license revoked by any governmental authority responsible for regulation of
297 gaming activities;

298 (3) has been convicted of a crime of moral turpitude, a gambling-related offense or a theft
299 or fraud offense;

300 (4) has not demonstrated to the satisfaction of the commission financial responsibility
301 sufficient to adequately meet the requirements of the proposed enterprise; or

302 (5) is not the true owner of the business or is not the sole owner and has not disclosed the
303 existence or identity of other persons who have an ownership interest in the business.

304 (b) The commission may deny, suspend or revoke an operator license or reprimand any
305 licensee if the applicant or licensee has not met the requirements of this chapter.

306 Section 11. (a) Each operator shall adopt comprehensive house rules for game play
307 governing sports wagering transactions with its patrons. The house rules shall specify the
308 amounts to be paid on winning wagers and the effect of sports event schedule changes. The
309 commission shall approve house rules prior to implementation.

310 (b) The house rules, together with any other information the commission deems
311 appropriate, shall be accessible to any patrons of the sports wagering system. The operator shall
312 make copies readily available to patrons.

313 Section 12. (a) Sports wagering operators shall not offer or accept bets on injuries,
314 penalties, player discipline, or replay reviews and employ commercially reasonable methods to:

315 (1) prohibit the operator, directors, officers, owners and employees of the operator, and
316 any relative living in the same household as such persons, from placing bets with the operator;

317 (2) prohibit athletes, coaches, referees, team owners, employees of a sports governing
318 body or its member teams and player and referee union personnel from wagering on any sporting
319 event of their sport's governing body; provided, that in determining which persons are excluded
320 from placing wagers under this subsection, operators shall use lists of such persons that the
321 sports governing body may provide to the commission;

322 (3) prohibit any individual with access to non-public confidential information held by the
323 operator from placing wagers with the operator;

324 (4) prohibit persons from placing wagers as agents or proxies for others; and

325 (5) maintain the security of wagering data, customer data and other confidential
326 information from unauthorized access and dissemination; provided, however, that nothing in this
327 chapter shall preclude the use of internet or cloud-based hosting of such data and information or
328 disclosure as required by court order, other law or this chapter.

329 (b) A sports governing body may submit to the commission in writing, by providing
330 notice in such form and manner as the commission may require, a request to restrict, limit or
331 exclude a certain type, form or category of sports wagering with respect to sporting events of
332 such body, if the sports governing body believes that such type, form or category of sports
333 wagering with respect to sporting events of such body is contrary to public policy, unfair to

334 consumers, or may undermine the integrity or perceived integrity of such body or sporting events
335 of such body. The commission shall request comment from sports wagering operators on all such
336 requests. After giving due consideration to all comments received, the commission shall, upon a
337 demonstration of good cause from the requestor, grant the request. The commission shall
338 respond to a request concerning a particular event before the start of the event, or if it is not
339 feasible to respond before the start of the event, no later than 7 days after the request is made;
340 provided, that if the commission determines that the requestor is more likely than not to prevail
341 in successfully demonstrating good cause for its request, the commission may provisionally grant
342 the request of the sports governing body until the commission makes a final determination as to
343 whether the requestor has demonstrated good cause. Absent such a provisional grant by the
344 commission, sports wagering operators may continue to offer sports wagering on sporting events
345 that are the subject of such a request during the pendency of the consideration of the applicable
346 request.

347 (c) The commission shall designate a state law enforcement entity to have primary
348 responsibility for conducting, or assisting the commission in conducting, investigations into
349 abnormal betting activity, match fixing and other conduct that corrupts a betting outcome of a
350 sporting event or events for purposes of financial gain.

351 (d) The commission and sports wagering operators shall use commercially reasonable
352 efforts to cooperate with investigations conducted by sports governing bodies or law
353 enforcement agencies, including but not limited to, using commercially reasonable efforts to
354 provide or facilitate the provision of anonymized account-level betting information and audio or
355 video files relating to persons placing wagers. All disclosures under this section are subject to the
356 obligation of a sports wagering operator to comply with all federal, state and local laws and

357 regulations, including but not limited to, laws and regulations relating to privacy and personally
358 identifiable information.

359 (e) Sports wagering operators shall immediately report to the commission any
360 information relating to:

361 (1) criminal or disciplinary proceedings commenced against the sports wagering operator
362 in connection with its operations;

363 (2) abnormal betting activity or patterns that may indicate a concern with the integrity of
364 a sporting event or events;

365 (3) any potential breach of the internal rules and codes of conduct pertaining to sports
366 wagering of a relevant sports governing body;

367 (4) any other conduct that corrupts a betting outcome of a sporting event or events for
368 purposes of financial gain, including match fixing; and

369 (5) suspicious or illegal wagering activities, including use of funds derived from illegal
370 activity, wagers to conceal or launder funds derived from illegal activity, using agents to place
371 wagers and using false identification.

372 Sports wagering operators shall immediately report information relating to conduct
373 described in paragraphs (2), (3) and (4) of this subsection to the relevant sports governing body.

374 (f) The commission and sports wagering operators shall maintain the confidentiality of
375 information provided by a sports governing body for purposes of investigating or preventing the
376 conduct described in paragraphs (2), (3) and (4) of subsection (e), unless disclosure is required

377 by this chapter, the commission, other law or court order or unless the sports governing body
378 consents to disclosure.

379 (g) With respect to any information provided by a sports wagering operator to a sports
380 governing body relating to conduct described in paragraphs (2), (3) and (4) of subsection (e), a
381 sports governing body:

382 (1) shall only use such information for integrity purposes and shall not use the
383 information for any commercial or other purpose; and

384 (2) shall maintain the confidentiality of such information, unless disclosure is required by
385 this chapter, the commission, other law or court order or unless the sports wagering operator
386 consents to disclosure; provided, that the sports governing body may make disclosures necessary
387 to conduct and resolve integrity-related investigations and may publicly disclose such
388 information if required by its integrity policies or if deemed by the sports governing body in its
389 reasonable judgment to be necessary to maintain the actual or perceived integrity of its sporting
390 events, and subject in all cases to the sports governing body's compliance with federal, state and
391 local laws and regulations, including but not limited to, laws and regulations relating to privacy
392 and personally identifiable information. Prior to any such public disclosure that would identify
393 the sports wagering operator by name, the sports governing body shall provide such sports
394 wagering operator with notice of such disclosure and an opportunity to object to such disclosure.

395 (h) Sports wagering operators shall maintain records of all wagers placed by its patrons,
396 including personally identifiable information of the patron, amount and type of the bet, the time
397 the bet was placed, the location of the bet, including the IP address if applicable, the outcome of
398 the bet and records of abnormal betting activity for 3 years after a sporting event occurs and

399 video camera recordings in the case of in-person wagers for at least 1 year after a sporting event
400 occurs, and shall make such data available for inspection upon request of the commission or as
401 required by court order.

402 (i) A sports wagering operator shall use commercially reasonable efforts to maintain in
403 real time and at the account level, anonymized information for each patron, including the amount
404 and type of bet, the time the bet was placed, the location of the bet, including the IP address if
405 applicable, the outcome of the bet and records of abnormal betting activity. The commission may
406 request such information in the form and manner as it requires. Nothing in this section shall
407 require a sports wagering operator to provide any information prohibited by federal, state or local
408 laws or regulations, including but not limited to, laws and regulations relating to privacy and
409 personally identifiable information.

410 (j) If a sports governing body has notified the commission and demonstrated a need for
411 access to the information described in subsection (i) for wagers placed on sporting events of such
412 sports governing body for integrity monitoring purposes, and demonstrated the capability to use
413 such data for the purpose of effectively monitoring the integrity of sporting events of such sports
414 governing body, a sports wagering operator shall share, in a commercially reasonable frequency,
415 form and manner, with the sports governing body or its designee the same information the sports
416 wagering operator is required to maintain under subsection (i) with respect to sports wagers on
417 sporting events of such sports governing body. A sports governing body and its designee shall
418 only use information received under this section for integrity-monitoring purposes and shall not
419 use information received under this section for any commercial or other purpose. Nothing in this
420 section shall require a sports wagering operator to provide any information that is prohibited by

421 federal, state or local laws or regulations, including but not limited to, laws and regulations
422 relating to privacy and personally identifiable information.

423 (k) A sports wagering operator shall conduct a background check on each newly hired
424 employee, and a single background check on any employee hired prior to the effective date of
425 this act. Background checks shall search for criminal history, charges or convictions involving
426 corruption or manipulation of sporting events and association with organized crime.

427 Section 13. (a) All operators licensed under this chapter to conduct sports wagering shall:

428 (1) employ a monitoring system utilizing software to identify irregularities in volume or
429 changes in odds that could signal suspicious activities and promptly report such information to
430 the commission for further investigation. System requirements and specifications shall be
431 developed according to industry standards and implemented by the commission as part of the
432 minimum internal control standards;

433 (2) promptly report to the commission any facts or circumstances related to the operation
434 of a sports wagering licensee which constitute a violation of state or federal law and promptly
435 report to the appropriate state or federal authorities any suspicious betting over a threshold set by
436 the operator that has been approved by the commission;

437 (3) conduct all sports wagering activities and functions in a manner that does not pose a
438 threat to the public health, safety or welfare of the residents of the commonwealth;

439 (4) keep current in all payments and obligations to the commission;

440 (5) prevent any person from tampering with or interfering with the operation of any
441 sports wagering;

442 (6) ensure that mobile sports wagering occurs only using a commission-approved mobile
443 application or other digital platform to accept wagers initiated within the commonwealth;

444 (7) maintain sufficient cash and other supplies to conduct sports wagering at all times;
445 and

446 (8) maintain daily records showing the gross sports wagering receipts and adjusted gross
447 sports wagering receipts of the licensee from sports wagering and shall timely file with the
448 commission any additional reports required by rule, regulation or this chapter.

449 (b) Sports wagering operators may use any data source for determining:

450 (1) the results of any and all tier 1 sports wagers on any and all sporting events; and

451 (2) the results of any and all tier 2 sports wagers on sporting events of an organization
452 that is not headquartered in the United States.

453 (c) A sports governing body may notify the commission that it desires sports wagering
454 operators to use official league data to settle tier 2 sports wagers on sporting events of such
455 sports governing body. Such notification shall be made in the form and manner as the
456 commission may require. Within 5 days of receipt of such notification, the commission shall
457 notify each sports wagering operator of the requirement to use official league data to settle tier 2
458 sports wagers. If a sports governing body does not notify the commission of its desire to supply
459 official league data, a sports wagering operator is not required to use official league data for
460 determining the results of tier 2 sports wagers on sporting events of such sports governing body.

461 (d) Within 30 days of the commission notifying a sport wagering operator of the
462 requirement to use official league data to settle tier 2 sports wagers pursuant to subsection (c), or

463 such longer period as may be agreed between the sports governing body and the applicable
464 sports wagering operator, a sports wagering operator shall use only official league data to
465 determine the results of tier 2 sports wagers on sporting events of that sports governing body,
466 unless:

467 (1) the sports governing body or its designee cannot provide a feed of official league data
468 to determine the results of a particular type of tier 2 sports wager, in which case a sports
469 wagering operator is not required to use official league data for determining the results of the
470 applicable tier 2 sports wager until such time a data feed becomes available from the sports
471 governing body on commercially reasonable terms and conditions; or

472 (2) a sports wagering operator can demonstrate to the commission that the sports
473 governing body or its designee will not provide a feed of official league data to the sports
474 wagering operator on commercially reasonable terms and conditions.

475 (e) The following is a nonexclusive list of other factors the commission may consider in
476 evaluating whether official league data is offered on commercially reasonable terms conditions
477 for purposes of paragraphs (1) and (2) of subsection (d) above, provided that no single factor on
478 its own will be deemed evidence that official league data is being offered on terms that are not
479 commercially reasonable:

480 (1) the availability of official league data to a sports wagering operator from more than 1
481 authorized source;

482 (2) market information regarding the purchase by sports wagering operators of the same
483 or comparable data (provided that such data is secured and used lawfully, without violating the
484 terms of any valid applicable license or other agreement) from any authorized source including

485 sports governing bodies or their designees for the purpose of settling sports wagers in the
486 commonwealth and other jurisdictions;

487 (3) the nature and quantity of data, including and without limitation its speed, quality and
488 the complexity of the process used for collecting such data; and

489 (4) the extent to which a sports governing body or its designee has made data used to
490 settle tier 2 wagers available to sports wagering operators and any terms and conditions relating
491 to the use of that data.

492 (f) Notwithstanding anything to the contrary set forth herein, including but not limited to,
493 subsection (d), during the pendency of the determination of the commission as to whether a
494 sports governing body or its designee may provide official league data on commercially
495 reasonable terms, a sports wagering operator may use any data source to determine the results of
496 tier 2 sports wagers. The determination shall be made within 60 days of the sports wagering
497 operator notifying the commission that it requests to demonstrate that the sports governing body
498 or its designee will not provide a feed of official league data to the sports wagering operator on
499 commercially reasonable terms.

500 (g) A sports governing body may enter into commercial agreements with a sports
501 wagering operator or other entity in which such sports governing body may share in the amount
502 bet or revenues derived from sports wagering on sporting events of such sports governing body.
503 A sports governing body shall not be required to obtain a license or any other approval from the
504 commission to lawfully accept such amounts or revenues.

505 Section 14. (a) Holders of category 1 and category 2 licenses may accept wagers on
506 sports events and other events authorized under this chapter in person at authorized facilities.

507 (b) Holders of category 1, category 2 and category 3 licenses may accept wagers on
508 sports events and other events authorized under this chapter from individuals physically located
509 within the commonwealth using mobile applications or digital platforms approved by the
510 commission, through the patron's sports wagering account. The branding for each mobile
511 application or digital platform shall be determined by the operator. All bets authorized under this
512 section must be initiated, received and otherwise made within the commonwealth. Consistent
513 with the intent of the federal Unlawful Internet Gambling Enforcement Act of 2006, 31 U.S.C.
514 section 5361 to 5367, inclusive, the intermediate routing of electronic data related to a lawful
515 intrastate wager authorized under this chapter shall not determine the location or locations in
516 which the wager is initiated, received or otherwise made.

517 (c) An operator may accept wagers placed by other operators, and may place wagers with
518 other operators; provided, that any operator that places a wager with another operator shall
519 inform the operator accepting the wager that the wager is being placed by an operator and shall
520 disclose its identity.

521 (d) A person placing a wager shall be at least 21 years of age.

522 (e)(1) The commission or operator may ban any person from participating in the play or
523 operation of any sports wagering consistent with rules and regulations promulgated by the
524 commission. A list of all excluded patrons shall be kept by the commission and provided to each
525 licensee, and no patron on the exclusion list shall be permitted to conduct sports wagering under
526 this chapter.

527 (2) The commission shall establish a list of self-excluded persons from sports wagering.

528 A person may request such person's name to be placed on the list of self-excluded persons by

529 filing a statement with the commission acknowledging that the person is a problem gambler and
530 by agreeing that, during any period of voluntary exclusion, the person shall not collect any
531 winnings or recover any losses resulting from any sports wagering. The commission shall adopt
532 further regulations for the self-excluded persons list including procedures for placement, removal
533 and transmittal of such list to sports wagering operators. The commission may revoke, limit,
534 condition, suspend or fine a sports wagering operator if the operator knowingly or recklessly
535 fails to exclude or eject from its premises any person placed on the list of self-excluded persons.

536 (f) No licensed employee may place a sports wager through any mobile application or
537 digital platform owned or operated by their employer.

538 (g) No licensed employee may place a sports wager at any facility owned or operated by
539 their employer.

540 (h) Sections 24, 24A and 27 of chapter 10 of the General Laws shall not apply to an
541 operator conducting sports wagering in accordance with this chapter.

542 Section 15. (a)(1) For the privilege of holding a license to operate sports wagering under
543 this chapter, the commonwealth shall impose and collect an excise equal to 15 per cent of the
544 operator's adjusted gross sports wagering receipts from the operation of sports wagering,
545 hereinafter "privilege tax". The accrual method of accounting shall be used for purposes of
546 calculating the amount of the tax owed by the licensee.

547 (b)(1) The tax levied and collected pursuant to paragraph (1) of subsection (a) shall be
548 due and payable to the commission in monthly installments on or before the 15th calendar day
549 following the calendar month in which the adjusted gross sports wagering receipts were received.

550 (2) The operator shall complete and submit the return for the preceding month by
551 electronic communication to the commission, on or before the 15th of each month, in the form
552 prescribed by the commission that provides:

553 (i) the total gross sports wagering receipts and adjusted gross sports wagering receipts
554 from operation of sports wagering during that month;

555 (ii) the tax amount for which the sports wagering licensee is liable; and

556 (iii) any additional information necessary in the computation and collection of the tax on
557 adjusted gross sports wagering receipts required by the commission.

558 (3) The tax amount shown to be due shall be remitted by electronic funds transfer
559 simultaneously with the filing of the return.

560 (4) When adjusted gross receipts for a month is a negative number because the winnings
561 paid to patrons wagering on the operator's sports wagering exceed the operator's total gross
562 receipts from sports wagering by patrons, the commission shall allow the operator to carry over
563 the negative amount to returns filed for subsequent months. The negative amount of adjusted
564 gross receipts shall not be carried back to an earlier month and taxes previously received by the
565 commission will not be refunded, except if the operator surrenders its license and the operator's
566 last return reported negative adjusted gross receipts.

567 (c) The tax on adjusted gross sports wagering receipts imposed by this section shall be in
568 lieu of all other state and local taxes and fees imposed on the operation of, or the proceeds from
569 operation of sports wagering.

570 (d) Annually, not later than July 1, the commission shall annually publish a report stating
571 the amount received from sports wagering operators in fees, surcharges, civil penalties and taxes.

572 Section 16. The commission may impose on any person who violates this chapter a civil
573 penalty not to exceed \$2,000 for each violation or \$5,000 for violations arising from the same
574 series of events. Such penalty shall be imposed on all individuals and is not limited to individuals
575 licensed under this chapter.

576 Section 17. (a) Any person, other than an operator under this chapter, who engages in
577 accepting, facilitating or operating a sports wagering operation is guilty of a misdemeanor and,
578 upon conviction thereof, shall be fined not more than \$10,000 or confined in jail for not more
579 than 90 days, or both fined and confined.

580 (b) Any person convicted of a second violation of subsection (a) is guilty of a
581 misdemeanor and, upon conviction thereof, shall be fined not more than \$50,000, or confined in
582 jail for not more than 6 months, or both fined and confined.

583 (c) Any person convicted of a third or subsequent violation of subsection (a) is guilty of a
584 felony, and upon conviction thereof, shall be fined not less than \$25,000 nor more than \$100,000
585 or imprisoned in a state correctional facility for not less than 1 year nor more than 5 years, or
586 both fined and confined.

587 Section 18. No person shall be able to place a sports wager on a National Collegiate
588 Athletic Association team from the Commonwealth of Massachusetts.”