

**HOUSE . . . . . No. 518**

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The Commonwealth of Massachusetts

PRESENTED BY:

*Bradford Hill*

*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 relative to increasing education funding.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Bradford Hill</i>	<i>4th Essex</i>	<i>1/13/2021</i>

**HOUSE . . . . . No. 518**

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By Mr. Hill of Ipswich, a petition (accompanied by bill, House, No. 518) of Bradford Hill relative to the regulation of online gaming and daily fantasy sports and increasing education funding from monies received from such activities. Economic Development and Emerging Technologies.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 379 OF 2019-2020.]

The Commonwealth of Massachusetts

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

An Act relative to increasing education funding.

*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 1: Chapter 4 of the general laws, as so appearing, is hereby amended by  
2 striking out lines 67-76, in section 7, and inserting in place thereof the following: -

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

9 game of bingo conducted under chapter 271; and (vi) charitable gaming conducted under said  
10 chapter 271.

11 SECTION 2: The general laws, as so appearing, are hereby amended by inserting after  
12 chapter 23M, the following chapter: -

13 Chapter 23N: Regulation of Online Gaming: Daily Fantasy Sports

14 Section 1. Definitions

15 As used in this chapter, the following words shall have the following meanings unless the  
16 context clearly requires otherwise:

17 (a) “Commission”, the Massachusetts Gaming Commission established under chapter  
18 23K of the general laws.

19 (b) “Daily Fantasy Sports” or “DFS”, any online game in which (i) the offer or award  
20 of a prize is connected to the statistical performance or finishing position of one or more persons  
21 participating in an underlying amateur or professional sports competition, but does not include  
22 offering or awarding a prize to the winner of or participant in the underlying competition itself;  
23 (ii) the value of all prizes and awards offered to winning participants is established and made  
24 known to the participants in advance of the game commencing; and (iii) the value of the prize or  
25 award is not determined by the number of participants or the amount of any fees paid by those  
26 participants.

27 (c) “Game Operator”, a person or entity that offers DFS for a prize to members of the  
28 public.

29 (d) "Game Participant", a person who or an entity that participates in a DFS offered  
30 by a game operator.

31 (e) "Gross Revenue" or "Gross Gaming Revenue", the total of all sums actually  
32 received by a game operator less the total of all sums paid out as winnings to game participants;  
33 provided, however, that the total of all sums paid out as winnings to patrons shall not include the  
34 cash equivalent value of any merchandise or thing of value included in a jackpot or payout;  
35 provided further, that the issuance to or wagering by game participants of any promotional  
36 gaming credit shall not be included for the purposes of determining gross revenue.

37 (f) "Online Game", a game, including DFS, offered through the internet or through  
38 other communications technology that allows a person utilizing money or currency of any kind  
39 to transmit information to (i) risk something of value, (ii) on the outcome of an event, (iii) with  
40 an opportunity to win a prize.

41 (g) "Prize", anything of monetary value, including but not limited to money, game  
42 credits, merchandise, or admission to another game or contest in which a prize may be awarded.

## 43 Section 2. Registration Requirements

44 (a) Any game operator offering DFS in the commonwealth shall register with the  
45 commission.

46 (b) The registration application shall include: (i) the name and principal address of  
47 the applicant; (ii) the form of the applicant's organization, including the place and date of  
48 incorporation, and, if a foreign corporation, whether the applicant is qualified to do business in  
49 the commonwealth; (iii) the names and addresses of each officer, director, partner, and trustee of

50 the applicant; (iv) the names and addresses of each principal stockholder or member of such  
51 corporation of the applicant; (v) the addresses of all offices of the applicant in the  
52 commonwealth; (vi) the name and address of the designated agent for process in the  
53 commonwealth; (vii) evidence acceptable to the commission that the operator has established  
54 and will implement processes and procedures that satisfy all regulations promulgated by the  
55 attorney general and the commission related to DFS and online gaming; (viii) a list and  
56 description of all DFS online games offered; and (ix) any additional information the commission  
57 deems necessary to ensure compliance with the provisions of this chapter.

58 (c) Every registration shall be accompanied by a nonrefundable, initial application  
59 fee set by the commission, equal to the lesser of \$100,000 or one and one-half percent of the  
60 gross revenue generated by the registrant in the previous calendar year; provided that if such  
61 registrant did not generate any gross revenue in the preceding year, such registrant shall be  
62 required to pay an initial registration of \$50,000.

63 (d) The commission may deny or revoke registration to any applicant upon finding  
64 that the applicant, or any officer, partner, principal stockholder, or director: (i) has knowingly  
65 made a false statement or knowingly failed to disclose any information requested; (ii) has been  
66 found guilty of any illegal, corrupt, or fraudulent act in connection with online games or has been  
67 convicted of a felony, a crime of moral turpitude, or any criminal offense involving dishonesty or  
68 breach of trust within ten years of the date of application; (iii) has knowingly failed to comply  
69 with any provisions in this chapter or any requirements set out by the commission; (iv) has  
70 violated any regulation promulgated by the attorney general or the commission related to online  
71 gaming; or (v) has defaulted in the payment of any obligation or debt due to the commonwealth.

72           (e)     The commission shall issue a decision on registration not more than 90 days from  
73 receipt of a completed application. If registration is denied, the commission shall provide the  
74 operator with the justification for not issuing registration. Applicants may operate during the  
75 application period unless the commission or the attorney general has reason to believe that the  
76 operator is in violation of this chapter or regulations promulgated by the attorney general related  
77 to DFS or online gaming, and requires that the operator suspend operation until registration  
78 status is granted, denied, or revoked.

79           (f)     All registration and renewal fees received by the commission pursuant to this  
80 section shall be deposited into the Public Advancement Fund established in section 7 of this bill.

### 81           Section 3. Auditing

82           (a)     The commission shall audit as often as the commission determines necessary, but  
83 not less than annually, the accounts, programs, activities, and functions of all registered game  
84 operators.

85           (b)     To conduct the audit, authorized officers and employees of the commission shall  
86 have access to such accounts at reasonable times, and the commission may require the  
87 production of books, documents, vouchers and other records relating to any matter within the  
88 scope of the audit, except tax returns. The superior court shall have jurisdiction to enforce the  
89 production of records that the commission requires to be produced under this section, and the  
90 court shall order the production of all such records within the scope of any such audit.

91           (c)     All audits shall be conducted in accordance with generally accepted auditing  
92 standards. In any audit report of the accounts, funds, programs, activities and functions of a game  
93 operator issued by the commission containing adverse or critical audit results, the commission

94 may require a response, in writing, to the audit results. The response shall be forwarded to the  
95 commission within 15 business days of notification by the commission.

96 (d) On or before April 1 of each year, the commission shall submit a report to the  
97 clerks of the house of representatives and the senate who shall forward the report to the house  
98 and senate committees on ways and means. The report shall include, but not be limited to: (i) the  
99 number of audits performed under this section, (ii) a summary of the findings of the audits, and  
100 (iii) the cost of each audit.

#### 101 Section 4. Assessment

102 (a) Any registered game operator shall pay a tax of 15 per cent on gross revenue.  
103 Taxes imposed under this section shall be remitted to the department of revenue quarterly by the  
104 registered game operator.

105 (b) The tax of 15 per cent on gross revenue from any registered game operator  
106 received by the commission shall be deposited into the Public Advancement Fund established in  
107 section 7 of this bill.

#### 108 Section 5. Registration Is Not Endorsement

109 (a) Registration under this chapter in no way constitutes endorsement or approval by  
110 the commonwealth of the game operator's activities.

#### 111 Section 6. Promulgation of Rules and Regulations

112 (a) The commission shall promulgate regulations for the implementation,  
113 administration and enforcement of this chapter. Regulations shall include: (i) ensuring fairness  
114 in game play; (ii) requiring the use of geolocation technology to verify that no player is located

115 outside Massachusetts; (iii) requiring that game participants be at least 21 years of age; (iv)  
116 authorizing which DFS online games may be offered for play; (v) establishing standards for  
117 combatting compulsive gambling through responsible gaming practices, education, and  
118 dedicated funding to support prevention, treatment, and recovery services; (vi) requiring  
119 messages about responsible gaming be prominently displayed; (vii) prohibiting misleading  
120 information about winning and marketing efforts that encourage excessive play; (viii) controlling  
121 for any apparent conflict of interest; (ix) preventing the misuse of insider information and unfair  
122 advantages by any individual or group of individuals; (x) ensuring data and transactional  
123 security; and (xi) safeguarding segregation of player funds, financial guarantees, responsive  
124 customer service, limitations on deposits, and secured transactions.

125 (b) The registered game operator, or an employee or agent thereof, shall at all times  
126 follow all regulations promulgated by the commission and by the attorney general relative to  
127 DFS or online gaming.

#### 128 Section 7. Public Advancement Fund

129 (a) There shall be established and set up on the books of the commonwealth a fund to  
130 be known as the Public Advancement Fund. The fund shall be credited with any monies  
131 accumulated under sections 2 and 4 of this chapter and all monies credited to or transferred to the  
132 fund from any other fund or source. Expenditures from the fund shall be subject to appropriation;  
133 provided, however, that 100 per cent of any expenditures from the fund shall be used to  
134 supplement, and not offset, the appropriation in line-item 7061-0008 of the general appropriation  
135 act from the previous fiscal year's general appropriation act.

#### 136 Section 8. Penalties



137           (a)     A game operator, or an employee or agent thereof, who violates any provision of  
138 this chapter is subject to a civil penalty not to exceed two thousand dollars for each violation,  
139 which may be recovered in a civil action brought by the commission or the attorney general. The  
140 penalty may be assessed whether or not the violation was willful. In determining the amount of  
141 the civil penalty, the commission or the attorney general shall consider: (i) the nature of the  
142 violation; (ii) the length of time the violation occurred; (iii) the risk to the public and to the  
143 integrity of gaming operations created by the conduct of the person; (iv) the seriousness of the  
144 conduct of the person; (v) any justification or excuse for such conduct by the person; (vi) the  
145 prior history of the particular person involved with respect to gaming activity; (vii) any  
146 corrective action taken by the person to prevent future misconduct; and (viii) other relevant  
147 factors.

148           (b)     A game operator, or an employee or agent thereof, who willfully provides false or  
149 misleading information shall be subject to a civil penalty not to exceed ten thousand dollars for  
150 each violation.

151           (c)     In addition to collecting any civil penalties recoverable under this chapter or any  
152 other general or special law, the commission or the attorney general may bring an action in the  
153 superior court to restrain, prevent or enjoin any conduct prohibited by this chapter or to compel  
154 action to comply immediately and fully with any order issued by the commission or the attorney  
155 general. Except in cases of emergency where, in the opinion of the court, immediate abatement  
156 of the unlawful conduct is required to protect the public interest, the court may fix a reasonable  
157 time during which the person responsible for the unlawful conduct may abate and correct the  
158 violation. The expense of the proceeding shall be recoverable from the subject of the proceeding.

159           (d)     The commission or the attorney general shall issue an order to cease and desist  
160 any activity if the commission or attorney general finds that a registered operator has engaged in  
161 or is about to engage in an act or practice that constitutes a violation of this chapter or any other  
162 laws of the commonwealth. The commission or the attorney general may take such affirmative  
163 action to effectuate the order.

164           (e)     All penalties collected under this chapter shall be deposited into the Gaming  
165 Revenue Fund established in section 59 of chapter 23K, as so appearing.

166           SECTION 3. Sections 24, 24A and 27 of chapter 10 of the general laws, as so appearing,  
167 shall not apply to a registered game operator conducting an online game in accordance with this  
168 chapter.

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

172           SECTION 5. Section 3 of chapter 271 of the general laws, as so appearing, is hereby  
173 amended, in line 1, by striking out “Except as permitted under chapter 23K” and inserting in its  
174 place thereof the following:- “except as permitted under chapters 23K or 23N.”

175           SECTION 6. Section 5 of chapter 271 of the general laws, as so appearing, is hereby  
176 amended, in line 1, by striking out “except as permitted under chapter 23K” and inserting in its  
177 place thereof the following:- “except as permitted under chapters 23K or 23N.”

178 SECTION 7. Section 5B of chapter 271 of the general laws, as so appearing, is hereby  
179 amended, in line 58, by striking out “under chapter 23K” and inserting in its place thereof the  
180 following:- “under chapters 23K or 23N.”

181 SECTION 8. Section 8 of chapter 271 of the general laws, as so appearing, is hereby  
182 amended, by striking out lines 10-11 and inserting in its place thereof the following:- “other  
183 illegal gaming that is not being conducted pursuant to chapters 23K or 23N.”

184 SECTION 9. Chapter 271 of the general laws, as so appearing, is hereby amended by  
185 striking section 17A and inserting in its place thereof the following section: -

186 271:17A. Telephones, internet or other communications technology; use for gaming  
187 purposes

188 Section 17A. Except as permitted under chapter 23N, whoever uses a telephone, internet  
189 or other communications technology or, being the occupant in control of premises where a  
190 telephone, internet or other communications technology is located or a subscriber for a  
191 telephone, knowingly permits another to use a telephone, internet or other communications  
192 technology so located or for which he subscribes, as the case may be, for the purpose of  
193 accepting wagers or bets, or buying or selling of pools, or for placing all or any portion of a  
194 wager with another, upon the result of a trial or contest of skill, speed, or endurance of man,  
195 beast, bird, or machine, or upon the result of an athletic game or contest, or upon the lottery  
196 called the numbers game, or for the purpose of reporting the same to a headquarters or booking  
197 office, or who under a name other than his own or otherwise falsely or fictitiously procures  
198 telephone, internet or other communications technology service for himself or another for such

199 purposes, shall be punished by a fine of not more than two thousand dollars or by imprisonment  
200 for not more than one year.

201 SECTION 10. There shall be a special commission to conduct a comprehensive study and  
202 offer proposed legislation relative to the regulation of online sports betting. The commission  
203 shall convene within 30 calendar days following any the passage of this bill, and shall review all  
204 aspects of online sports betting including, but not limited to: economic development, consumer  
205 protection, taxation, legal and regulatory structures, burdens and benefits to the commonwealth  
206 and any other factors the commission deems relevant. The commission shall consist of: 1 person  
207 who shall be appointed by the governor who shall have industry expertise in online gaming and  
208 sports betting; 1 person who shall be appointed by the Massachusetts gaming commission; 2  
209 people who shall be appointed by the president of the senate; 1 person who shall be appointed by  
210 the minority leader of the senate; 2 people who shall be appointed by the speaker of the house of  
211 representatives; and 1 person who shall be appointed by the minority leader of the house of  
212 representatives. The commission shall elect a chair at its first meeting and shall submit  
213 recommendations for legislation with the clerks of the senate and the house of representatives not  
214 later than 120 calendar days following the passage of this bill.