

HOUSE No. 535

The Commonwealth of Massachusetts

PRESENTED BY:

Thomas P. Walsh

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 sports betting.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Thomas P. Walsh</i>	<i>12th Essex</i>	<i>2/19/2021</i>
<i>Steven S. Howitt</i>	<i>4th Bristol</i>	<i>3/19/2021</i>

HOUSE No. 535

By Mr. Walsh of Peabody, a petition (accompanied by bill, House, No. 535) of Thomas P. Walsh and Steven S. Howitt relative to sports betting. Economic Development and Emerging Technologies.

The Commonwealth of Massachusetts

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

An Act relative to sports betting.

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.

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

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

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

15 CHAPTER 23N.

16 AUTHORIZATION AND REGULATION OF SPORTS WAGERING

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

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

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

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

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

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

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

44 “Category 3 license”, a license issued by the commission that permits the operation of
45 sports wagering through a mobile application and other digital platforms approved by the
46 commission; provided that the holder of such license shall hold a current sports betting license
47 issued by a relevant gaming body in a minimum of three (3) other jurisdictions within the United
48 States.

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

52 “Commission”, the Massachusetts gaming commission established in section 3 of chapter
53 23K.

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

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

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

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

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

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

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

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

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

79 “Qualified gaming entity”, an entity that: (i) holds a gaming license as defined in section
80 2 of chapter 23K; (ii) holds a license to conduct a racing meeting as defined in section 1 of
81 chapter 128A or was licensed as a grey hound or horse racing meeting licensee pursuant to
82 chapter 128A during calendar year 2020 and conducts pari-mutuel wagering in accordance with
83 applicable laws; (iii) holds a license issued by the commission that permits the operation of
84 sports wagering through a mobile application and other digital platforms and in person at a live
85 thoroughbred race track approved by the commission, provided that said licensee (A) operates a
86 thoroughbred horse racing track with at least a 1 mile circumference; (B) has received approval
87 from the New England Horsemen’s Benevolent and Protective Association to conduct sports
88 wagering pursuant to this chapter; and (C) makes a capital investment of not less than
89 \$25,000,000 within 3 years after receiving a category 1 license. and conducts at least ten race
90 days in a year; or (iv) offers an interactive sports wagering platform.

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

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

97 “Sports wagering”, the business of accepting wagers on sporting events or portions of
98 sporting events, other events, the individual performance statistics of athletes in a sporting event

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

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

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

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

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

119 Section 4. (a) The commission shall have the authority to regulate the conduct of sports
120 wagering under this chapter. The power and authority granted to the commission shall be

121 construed as broadly as necessary for the implementation, administration, and enforcement of
122 this chapter.

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

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

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

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

143 instituting other public health strategies as determined by the commission, including leveraging
144 technological tools using mobile technology.

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

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

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

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

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

162 (k) Any public records provided to the Commission by an applicant or licensee under this
163 chapter that the Commission determines constitute a trade secret, or are competitively-sensitive

164 or proprietary, and that the public disclosure of the record would be detrimental to or place said
165 applicant or licensee at a competitive disadvantage, may be withheld from disclosure under
166 section 10 of chapter 66.

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

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

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

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

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

184 (c) Each controlling person pursuant to subsection (b) shall submit to the commission an
185 application in a form determined by the commission, and each such controlling person who is a
186 natural person shall submit to the commission: (i) fingerprints for a national criminal records
187 check by the department of the state police and the Federal Bureau of Investigation; and (ii) a
188 signed authorization for the release of information by the department of the state police and the
189 Federal Bureau of Investigation; provided, however, that a controlling person who is a natural
190 person that has submitted to a national criminal records check in any jurisdiction within the
191 previous year shall not be required to submit to another national criminal records check if such
192 person submits to the commission the results of such previous national criminal records check.
193 Any applicant convicted of any disqualifying offense shall not be licensed.

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

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

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

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

204 (2) The commission shall issue a category 2 license to: (i) any holder of a license to
205 conduct a racing meeting, as defined in section 1 of chapter 128A or to any person who was

206 licensed as a grey hound or horse racing meeting licensee pursuant to said chapter 128 during the
207 calendar year 2020 and conducts pari-mutuel wagering in accordance with applicable laws; or
208 (ii) a live thoroughbred race track approved by the commission, provided that said licensee (A)
209 operates a thoroughbred horse racing track with at least a 1 mile circumference; (B) has received
210 approval from the New England Horsemen's Benevolent and Protective Association to conduct
211 sports wagering pursuant to this chapter; and (C) makes a capital investment of not less than
212 \$25,000,000 within 3 years after receiving a category 1 license and conducts at least ten race
213 days per year; that meets the requirements of this chapter and the rules and regulations of the
214 commission.

215 (3) The commission shall issue a maximum of 10 category 3 licenses to any entity that
216 offers an interactive sports wagering platform and that has been permitted to offer sports
217 wagering in at least 3 other jurisdictions in the United States by the relevant regulatory body in
218 those jurisdictions and meets the requirements of this chapter and the rule and regulations of the
219 commission; licenses shall not be unreasonably withheld from a qualified applicant.

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

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

228 all requirements under this chapter and the rules and regulations of the commission. Initial
229 application fee shall be refundable if not found suitable.

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

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

244 Section 7. (a) There shall be established and set up on the books of the Commonwealth a
245 separate fund to be known as the Sports Wagering Control Fund. The Commission shall be the
246 trustee of the fund and shall expend monies to finance operational activities of the Commission
247 pertaining to sports wagering. Funds from subsections b through d shall be deposited in this
248 Fund. The fund shall be credited any appropriations, bond proceeds or other monies authorized
249 by the general court and specifically designated to be credited thereto, the proceeds of the

250 assessments levied under this section unless otherwise specified, initial application fees for
251 licenses issued under sections 8 and 9 and such additional funds as are subject to the direction
252 and control of the commission. All available monies in the fund that are unexpended at the end
253 of each fiscal year shall not revert to the General Fund and shall be available for expenditure in
254 the subsequent fiscal year.

255 (b) The Commission shall establish fees for any investigation into a violation of this
256 chapter or regulation promulgated hereunder by a sports wagering licensee to be paid by the
257 sports wagering licensee including, but not limited to, billable hours by commission staff
258 involved in the investigation and the costs of services, equipment or other expenses that are
259 incurred by the commission during the investigation.

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

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

270 (e) In addition to the fees collected under this section and any additional costs of the
271 commission, the Commission shall also assess an annual fee of \$1,000,000 in shares to be

272 determined by the Commission against each sports wagering licensee that is not a category 1 or
273 category 2 gaming licensee as defined by MGL Chapter 23K for the costs of service and public
274 health programs dedicated to addressing problems associated with compulsive gambling or other
275 addiction services. Such assessed fees shall be deposited into the Public Health Trust Fund
276 established in section 58 of Chapter 23K.

277 Section 8. (a) An applicant for a sports wagering license shall pay to the commission a
278 nonrefundable processing fee of \$100,000 to defray the costs associated with the processing of
279 the application and investigation of the applicant; provided, however, that if the costs of the
280 investigation exceed the initial application fee, the applicant shall pay the additional amount to
281 the commission within 30 days after notification of insufficient fees or the application shall be
282 rejected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

332 (5) maintain the security of wagering data, customer data and other confidential
333 information from unauthorized access and dissemination; provided, however, that nothing in this

334 chapter shall preclude the use of internet or cloud-based hosting of such data and information or
335 disclosure as required by court order, other law or this chapter.

336 (b) A sports governing body may submit to the commission in writing, by providing
337 notice in such form and manner as the commission may require, a request to restrict, limit or
338 exclude a certain type, form or category of sports wagering with respect to sporting events of
339 such body, if the sports governing body believes that such type, form or category of sports
340 wagering with respect to sporting events of such body is contrary to public policy, unfair to
341 consumers, or may undermine the integrity or perceived integrity of such body or sporting events
342 of such body. The commission shall request comment from sports wagering operators on all such
343 requests. After giving due consideration to all comments received, the commission shall, upon a
344 demonstration of good cause from the requestor, grant the request. The commission shall
345 respond to a request concerning a particular event before the start of the event, or if it is not
346 feasible to respond before the start of the event, no later than 7 days after the request is made;
347 provided, that if the commission determines that the requestor is more likely than not to prevail
348 in successfully demonstrating good cause for its request, the commission may provisionally grant
349 the request of the sports governing body until the commission makes a final determination as to
350 whether the requestor has demonstrated good cause. Absent such a provisional grant by the
351 commission, sports wagering operators may continue to offer sports wagering on sporting events
352 that are the subject of such a request during the pendency of the consideration of the applicable
353 request.

354 (c) The commission shall designate a state law enforcement entity to have primary
355 responsibility for conducting, or assisting the commission in conducting, investigations into

356 abnormal betting activity, match fixing and other conduct that corrupts a betting outcome of a
357 sporting event or events for purposes of financial gain.

358 (d) The commission and sports wagering operators shall use commercially reasonable
359 efforts to cooperate with investigations conducted by sports governing bodies or law
360 enforcement agencies, including but not limited to, using commercially reasonable efforts to
361 provide or facilitate the provision of anonymized account-level betting information and audio or
362 video files relating to persons placing wagers. All disclosures under this section are subject to the
363 obligation of a sports wagering operator to comply with all federal, state and local laws and
364 regulations, including but not limited to, laws and regulations relating to privacy and personally
365 identifiable information.

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

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

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

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

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

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

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

381 (f) The commission and sports wagering operators shall maintain the confidentiality of
382 information provided by a sports governing body for purposes of investigating or preventing the
383 conduct described in paragraphs (2), (3) and (4) of subsection (e), unless disclosure is required
384 by this chapter, the commission, other law or court order or unless the sports governing body
385 consents to disclosure.

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

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

391 (2) shall maintain the confidentiality of such information, unless disclosure is required by
392 this chapter, the commission, other law or court order or unless the sports wagering operator
393 consents to disclosure; provided, that the sports governing body may make disclosures necessary
394 to conduct and resolve integrity-related investigations and may publicly disclose such
395 information if required by its integrity policies or if deemed by the sports governing body in its
396 reasonable judgment to be necessary to maintain the actual or perceived integrity of its sporting
397 events, and subject in all cases to the sports governing body's compliance with federal, state and

398 local laws and regulations, including but not limited to, laws and regulations relating to privacy
399 and personally identifiable information. Prior to any such public disclosure that would identify
400 the sports wagering operator by name, the sports governing body shall provide such sports
401 wagering operator with notice of such disclosure and an opportunity to object to such disclosure.

402 (h) Sports wagering operators shall maintain records of all wagers placed by its patrons,
403 including personally identifiable information of the patron, amount and type of the bet, the time
404 the bet was placed, the location of the bet, including the IP address if applicable, the outcome of
405 the bet and records of abnormal betting activity for 3 years after a sporting event occurs and
406 video camera recordings in the case of in-person wagers for at least 1 year after a sporting event
407 occurs, and shall make such data available for inspection upon request of the commission or as
408 required by court order.

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

417 (j) If a sports governing body has notified the commission and demonstrated a need for
418 access to the information described in subsection (i) for wagers placed on sporting events of such
419 sports governing body for integrity monitoring purposes, and demonstrated the capability to use

420 such data for the purpose of effectively monitoring the integrity of sporting events of such sports
421 governing body, a sports wagering operator shall share, in a commercially reasonable frequency,
422 form and manner, with the sports governing body or its designee the same information the sports
423 wagering operator is required to maintain under subsection (i) with respect to sports wagers on
424 sporting events of such sports governing body. A sports governing body and its designee shall
425 only use information received under this section for integrity-monitoring purposes and shall not
426 use information received under this section for any commercial or other purpose. Nothing in this
427 section shall require a sports wagering operator to provide any information that is prohibited by
428 federal, state or local laws or regulations, including but not limited to, laws and regulations
429 relating to privacy and personally identifiable information.

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

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

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

440 (2) promptly report to the commission any facts or circumstances related to the operation
441 of a sports wagering licensee which constitute a violation of state or federal law and promptly

442 report to the appropriate state or federal authorities any suspicious betting over a threshold set by
443 the operator that has been approved by the commission;

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

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

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

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

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

452 and

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

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

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

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

460 (c) A sports governing body may notify the commission that it desires sports wagering
461 operators to use official league data to settle tier 2 sports wagers on sporting events of such

462 sports governing body. Such notification shall be made in the form and manner as the
463 commission may require. Within 5 days of receipt of such notification, the commission shall
464 notify each sports wagering operator of the requirement to use official league data to settle tier 2
465 sports wagers. If a sports governing body does not notify the commission of its desire to supply
466 official league data, a sports wagering operator is not required to use official league data for
467 determining the results of tier 2 sports wagers on sporting events of such sports governing body.

468 (d) Within 30 days of the commission notifying a sport wagering operator of the
469 requirement to use official league data to settle tier 2 sports wagers pursuant to subsection (c), or
470 such longer period as may be agreed between the sports governing body and the applicable
471 sports wagering operator, a sports wagering operator shall use only official league data to
472 determine the results of tier 2 sports wagers on sporting events of that sports governing body,
473 unless:

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

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

482 (e) The following is a nonexclusive list of other factors the commission may consider in
483 evaluating whether official league data is offered on commercially reasonable terms conditions

484 for purposes of paragraphs (1) and (2) of subsection (d) above, provided that no single factor on
485 its own will be deemed evidence that official league data is being offered on terms that are not
486 commercially reasonable:

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

489 (2) market information regarding the purchase by sports wagering operators of the same
490 or comparable data (provided that such data is secured and used lawfully, without violating the
491 terms of any valid applicable license or other agreement) from any authorized source including
492 sports governing bodies or their designees for the purpose of settling sports wagers in the
493 commonwealth and other jurisdictions;

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

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

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

505 or its designee will not provide a feed of official league data to the sports wagering operator on
506 commercially reasonable terms.

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

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

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

524 (c) An operator may accept wagers placed by other operators, and may place wagers with
525 other operators; provided, that any operator that places a wager with another operator shall

526 inform the operator accepting the wager that the wager is being placed by an operator and shall
527 disclose its identity.

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

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

534 (2) The commission shall establish a list of self-excluded persons from sports wagering.
535 A person may request such person's name to be placed on the list of self-excluded persons by
536 filing a statement with the commission acknowledging that the person is a problem gambler and
537 by agreeing that, during any period of voluntary exclusion, the person shall not collect any
538 winnings or recover any losses resulting from any sports wagering. The commission shall adopt
539 further regulations for the self-excluded persons list including procedures for placement, removal
540 and transmittal of such list to sports wagering operators. The commission may revoke, limit,
541 condition, suspend or fine a sports wagering operator if the operator knowingly or recklessly
542 fails to exclude or eject from its premises any person placed on the list of self-excluded persons.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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