

# HOUSE . . . . . No. 3177

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## The Commonwealth of Massachusetts

PRESENTED BY:

*Adrian C. Madaro*

*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 allowing peer-to-peer cardrooms.

PETITION OF:

| NAME:                   | DISTRICT/ADDRESS:  | DATE ADDED:      |
|-------------------------|--------------------|------------------|
| <i>Adrian C. Madaro</i> | <i>1st Suffolk</i> | <i>1/16/2025</i> |

# HOUSE . . . . . No. 3177

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By Representative Madaro of Boston, a petition (accompanied by bill, House, No. 3177) of  
Adrian C. Madaro relative to authorizing and taxing of cardrooms, so-called. Revenue.

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## The Commonwealth of Massachusetts

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In the One Hundred and Ninety-Fourth General Court  
(2025-2026)  
\_\_\_\_\_

An Act allowing peer-to-peer cardrooms.

*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. The General Laws, as appearing in the 2022 Official Edition, are hereby  
2 amended by adding the following new chapter:-

3           CHAPTER 128D

4           Peer-to-Peer Cardrooms for Class II Gaming

5           Section 1. Intent

6           It is the intent of the Legislature to provide additional entertainment choices for the  
7 residents of and visitors to the commonwealth, promote tourism, and provide additional revenues  
8 through the authorization of the playing of certain games at facilities known as cardrooms which  
9 are to be located at licensed pari-mutuel facilities. To ensure the public confidence in the  
10 integrity of authorized cardroom operations, this act is designed to strictly regulate the facilities,  
11 persons, and procedures related to cardroom operations. Furthermore, the Legislature finds that

authorized games as herein defined are considered to be pari-mutuel style games and not casino gaming because the participants play against each other instead of against the house.

## Section 2. Definition

As used in this section:

(a) “Authorized game” means a game or series of class II games of poker and dominoes approved by the Division which are played in a nonbanking manner.

(b) “Banking game” means a game in which the house is a participant in the game, taking on players, paying winners, and collecting from losers or in which the facility establishes a bank against which participants play.

(c) “Cardroom” means a facility where authorized games are played for money or anything of value and to which the public is invited to participate in such games and charged a fee for participation by the operator of such facility. Authorized games and cardrooms do not constitute casino gaming operations.

(d) “Cardroom management company” means any individual not an employee of the cardroom operator, any proprietorship, partnership, corporation, or other entity that enters into an agreement with a cardroom operator to manage, operate, or otherwise control the daily operation of a cardroom.

(e) “Cardroom distributor” means any business that distributes cardroom paraphernalia such as card tables, betting chips, chip holders, dominoes, dominoes tables, drop boxes, banking supplies, playing cards, card shufflers, and other associated equipment to authorized cardrooms.

(f) “Cardroom operator” means a licensed pari-mutuel permitholder which holds a valid permit and license issued by the Massachusetts Gaming Commission pursuant to chapter 128C and which also holds a valid cardroom license issued by said Commission’s Division of Racing pursuant to this section which authorizes such person to operate a cardroom and to conduct games in such cardroom.

(g) "Commission", the Massachusetts gaming commission established in chapter 23K.

(h) “Division” means the Division of Racing of the Massachusetts Gaming Commission.

(i) “Dominoes” means a game of dominoes typically played with a set of 28 flat rectangular blocks, called “bones,” which are marked on one side and divided into two equal parts, with zero to six dots, called “pips,” in each part. The term also includes larger sets of blocks that contain a correspondingly higher number of pips. The term also means the set of blocks used to play the game.

(j) “Gross receipts” means the total amount of money received by a cardroom from any person for participation in authorized games.

(k) “House” means the cardroom operator and all employees of the cardroom operator.

(l) “Net proceeds” means the total amount of gross receipts received by a cardroom operator from cardroom operations less direct operating expenses related to cardroom operations, including labor costs, admission taxes only if a separate admission fee is charged for entry to the cardroom facility, gross receipts taxes imposed on cardroom operators by this section, the annual cardroom license fees imposed by this section on each table operated at a cardroom, and reasonable promotional costs excluding officer and director compensation, interest on capital

debt, legal fees, real estate taxes, bad debts, contributions or donations, or overhead and depreciation expenses not directly related to the operation of the cardrooms.

(m) “Rake” means a set fee or percentage of the pot assessed by a cardroom operator for providing the services of a dealer, table, or location for playing the authorized game.

(n) “Tournament” means a series of games that have more than one betting round involving one or more tables and where the winners or others receive a prize or cash award.

### Section 3. Authority

The Division of Racing of the Massachusetts Gaming Commission shall administer this chapter and regulate the operation of cardrooms and have the full authority to conduct adjudicatory proceedings and promulgate rules, regulations and conditions in accordance with chapter 30A, and is hereby authorized to:

(a) Adopt rules, including, but not limited to: the issuance of cardroom and employee licenses for cardroom operations; the operation of a cardroom; recordkeeping and reporting requirements; and the collection of all fees and taxes imposed by this section.

(b) Conduct investigations and monitor the operation of cardrooms and the playing of authorized games therein.

(c) Review the books, accounts, and records of any current or former cardroom operator.

(d) Suspend or revoke any license or permit, after hearing, for any violation of the provisions of this section or the administrative rules adopted pursuant thereto.

(e) Take testimony, issue summons and subpoenas for any witness, and issue subpoenas duces tecum in connection with any matter within its jurisdiction.

(f) Monitor and ensure the proper collection of taxes and fees imposed by this section. Permitholder internal controls are mandated to ensure no compromise of state funds. To that end, a roaming division auditor will monitor and verify the cash flow and accounting of cardroom revenue for any given operating day.

### Section 3. License; Application; Fees

The division shall issue a license to operate a cardroom to: (i) any holder of a license to conduct a live horse racing meeting in accordance with chapter 128A; (ii) a running horse racing licensee that conducted simulcast wagering as of December 31, 2020 as authorized by law; or (iii) a greyhound meeting licensee that conducted simulcast wagering as of December 31, 2020 as authorized by law; that meets the requirements of this chapter and the rules and regulations of the commission.

(a) Only those persons holding a valid cardroom license issued by the division may operate a cardroom. A cardroom license may only be operated at the same facility at which the licensee is authorized to conduct pari-mutuel wagering activities. An initial cardroom license shall be issued to a pari-mutuel permitholder only after its facilities are in place.

(b) After the initial cardroom license is granted, the application for the annual license renewal shall be made in conjunction with the applicant's annual application for its pari-mutuel license.

(c) Persons seeking a license or a renewal thereof to operate a cardroom shall make application on forms prescribed by the division. Applications for cardroom licenses shall contain all of the information the division, by rule, may determine is required to ensure eligibility.

(d) The annual cardroom license fee for each facility shall be \$1,000 for each table to be operated at the cardroom.

#### Section 4. Business and Employee Occupational License

(a) A person employed or otherwise working in a cardroom as a cardroom manager, floor supervisor, dealer, or any other activity related to cardroom operations while the facility is conducting card playing or games of dominoes must hold a valid cardroom employee occupational license issued by the division. Food service, maintenance, and security employees with a current pari-mutuel occupational license and a current background check will not be required to have a cardroom employee occupational license.

(b) Any cardroom management company or cardroom distributor associated with cardroom operations must hold a valid cardroom business occupational license issued by the division.

(c) No licensed cardroom operator may employ or allow a person to work in a cardroom in any activity related to cardroom operations unless such person holds a valid occupational license. No licensed cardroom operator may contract, or otherwise do business with, a business required to hold a valid cardroom business occupational license, unless the business holds such a valid license.

(d) The division shall establish, by rule, a schedule for the renewal of cardroom occupational licenses. Cardroom occupational licenses are not transferable.

(e) Persons seeking cardroom occupational licenses, or renewal thereof, shall make application on forms prescribed by the division. Applications for cardroom occupational licenses shall contain all of the information the division, by rule, may determine is required to ensure eligibility.

(f) The division shall adopt rules regarding cardroom occupational licenses.

(g) The division may deny, declare ineligible, or revoke any cardroom occupational license if the applicant or holder thereof has been found guilty in the past ten years of a felony or misdemeanor involving forgery, larceny, extortion, conspiracy to defraud, or filing false reports to a government agency, racing or gaming commission or authority.

(h) Fingerprints for all cardroom occupational license applications shall be taken in a manner approved by the division. The division may by rule require an annual record check of all renewal applications for a cardroom occupational license. The cost of processing fingerprints and conducting a record check shall be borne by the applicant.

(i) The cardroom employee occupational license fee shall not exceed \$50 for any 12-month period. The cardroom business occupational license fee shall not exceed \$250 for any 12-month period.

## Section 5. Operation of Cardroom

(a) A cardroom may be operated only at the location specified on the cardroom license issued by the division, and such location may only be at the location which the pari-mutuel



permitholder is authorized to conduct pari-mutuel wagering activities pursuant to such permitholder's valid pari-mutuel permit or as otherwise authorized by law.

(b) Any cardroom operator may operate a cardroom at the pari-mutuel facility daily throughout the year, from 6:00 a.m. to 5:59 a.m.; provided, however, that the gaming establishment shall register its hours of operation with the commission.

(c) A cardroom operator must at all times employ and provide a nonplaying dealer for each table on which authorized card games which traditionally use a dealer are conducted at the cardroom. Such dealers may not have a participatory interest in any game other than the dealing of cards and may not have an interest in the outcome of the game. The providing of such dealers by a licensee does not constitute the conducting of a banking game by the cardroom operator.

(d) A cardroom operator may award giveaways, jackpots, and prizes to a player who holds certain combinations of cards specified by the cardroom operator, including a progressive jackpot in which a player makes an optional wager and a winning player is awarded a jackpot from funds that have accumulated from various poker games.

(e) Each cardroom operator shall conspicuously post upon the premises of the cardroom a notice which contains a copy of the cardroom license; a list of authorized games offered by the cardroom; the wagering limits imposed by the house, if any; any additional house rules regarding operation of the cardroom or the playing of any game; and all costs to players to participate, including any rake by the house. In addition, each cardroom operator shall post at each table a notice of the minimum and maximum bets authorized at such table and the fee for participation in the game conducted.

(f) The cardroom facility is subject to inspection by the division or any law enforcement agency during the licensee's regular business hours.

(g) A cardroom operator may refuse entry to or refuse to allow any person who is objectionable, undesirable, or disruptive to play, but such refusal may not be on the basis of race, creed, color, religion, gender, sexual orientation, national origin, marital status, physical handicap, or age, except as provided in this section.

(h) Poker games played in a peer-to-peer player manner in which every player's hand at the table competes with every other player's hand at the table and must comply with the following restrictions:

1. Poker games to be played in a peer-to-peer player manner must have been identified in cardroom license applications approved by the division.

2. There may not be more than nine players, nor less than two players, and the nonplayer dealer at each table.

## Section 6. Wagers; Limitations

(a) No wagering may be conducted using money or other negotiable currency. Games may only be played utilizing a wagering system whereby all players' money is first converted by the house to tokens or chips which shall be used for wagering only at that specific cardroom.

(b) The cardroom operator may limit the amount wagered in any game or series of games.

(c) A tournament shall consist of a series of games. The entry fee for a tournament may be set by the cardroom operator. Tournaments may be played only with tournament chips that are

provided to all participants in exchange for an entry fee and any subsequent re-buys. All players must receive an equal number of tournament chips for their entry fee. Tournament chips have no cash value and represent tournament points only. There is no limitation on the number of tournament chips that may be used for a bet except as otherwise determined by the cardroom operator. Tournament chips may never be redeemed for cash or for any other thing of value. The distribution of prizes and cash awards must be determined by the cardroom operator before entry fees are accepted. For purposes of tournament play only, the term “gross receipts” means the total amount received by the cardroom operator for all entry fees, player re-buys, and fees for participating in the tournament less the total amount paid to the winners or others as prizes.

#### Section 7. Bond Requirement

The holder of a cardroom license shall be financially and otherwise responsible for the operation of the cardroom and for the conduct of any manager, dealer, or other employee involved in the operation of the cardroom. Prior to the issuance of a cardroom license, each applicant for such license shall provide evidence of a surety bond in the amount of \$50,000, payable to the commonwealth, furnished by a corporate surety authorized to do business in the state or evidence that the licensee’s pari-mutuel bond required by chapter 128C has been expanded to include the applicant’s cardroom operation. The bond shall guarantee that the cardroom operator will redeem, for cash, all tokens or chips used in games. Such bond shall be kept in full force and effect by the operator during the term of the license.

#### Section 8. Fees for and Prohibitions from Participation

(a) The cardroom operator may charge a fee for the right to participate in games conducted at the cardroom. Such fee may be either a flat fee or hourly rate for the use of a seat at

a table or a rake subject to the posted maximum amount but may not be based on the amount won by players. The rake-off, if any, must be made in an obvious manner and placed in a designated rake area which is clearly visible to all players. Notice of the amount of the participation fee charged shall be posted in a conspicuous place in the cardroom and at each table at all times.

(b) A cardroom operator may not have any direct economic interest in a poker game played in a peer-to-peer player manner, except for the rake.

(c) A cardroom operator may not receive any portion of the winnings of a poker game played in a peer-to-peer player manner, except for the rake. Nothing herein prohibits a cardroom operator from collecting optional wagers made by players and a predetermined amount of the pot to be used for awarding progressive jackpots, provided that amount to be collected is posted in a conspicuous place at the table and the entire amount collected by the cardroom operator is awarded to jackpot winners.

## Section 9. Records and Reports

(a) Each licensee operating a cardroom shall keep and maintain permanent daily records of its cardroom operation and shall maintain such records for a period of not less than three years. These records shall include all financial transactions and contain sufficient detail to determine compliance with the requirements of this section. All records shall be available for audit and inspection by the division or other law enforcement agencies during the licensee's regular business hours. The information required in such records shall be determined by division rule.

(b) Each licensee operating a cardroom shall file with the division a report containing the required records of such cardroom operation. Such report shall be filed monthly by licensees. The required reports shall be submitted on forms prescribed by the division and shall be due at the same time as the monthly pari-mutuel reports are due to the division, and such reports shall contain any additional information deemed necessary by the division, and the reports shall be deemed public records once filed.

#### Section 10. Prohibited Activities

(a) No person licensed to operate a cardroom may conduct any banking game or any game not specifically authorized by this section or operate any game that are authorized by chapter 23K or operate any “compact game” as defined in the gaming compact ratified and approved by the Commonwealth on March 19, 2013.

(b) No person under 18 years of age may be permitted to hold a cardroom or employee license, or engage in any game conducted therein.

(c) No electronic or mechanical devices, except mechanical card shufflers, may be used to conduct any authorized game in a cardroom.

(d) No cards, game components, or game implements may be used in playing an authorized game unless such has been furnished or provided to the players by the cardroom operator.

#### Section 11. Taxes and Other Payments

(a) Each cardroom operator shall pay a tax to the commonwealth of ten (10) percent of the cardroom operation’s monthly gross receipts.

(b) An admission tax equal to 15 percent of the admission charge for entrance to the licensee's cardroom facility is imposed on each person entering the cardroom. This admission tax shall apply only if a separate admission fee is charged for entry to the cardroom facility. The cardroom licensee shall be responsible for collecting the admission tax. An admission tax is imposed on any free passes or complimentary cards issued to guests by licensees in an amount equal to the tax imposed on the regular and usual admission charge for entrance to the licensee's cardroom facility. A cardroom licensee may issue tax-free passes to its officers, officials, and employees or other persons actually engaged in working at the cardroom, including accredited press representatives such as reporters and editors, and may also issue tax-free passes to other cardroom licensees for the use of their officers and officials.

(c) Payment of the admission tax and gross receipts tax imposed by this section shall be deposited as follows: 80% into the Gaming Local Aid Fund established by section 63 of chapter 23K; and, 20% into the Race Horse Development Fund established by section 60 of chapter 23K.

(d) Licensees shall file a report under oath by the fifth day of each calendar month for all taxes remitted during the preceding calendar month. Such report shall, under oath, indicate the total of all admissions, the cardroom activities for the preceding calendar month, and such other information as may be prescribed by the division.

(e) The failure of any licensee to make payments as prescribed in this section may be subjected by the division to a civil penalty of up to \$1,000 for each day the tax payment is not remitted. If a licensee continues to fail to make payments as prescribed in this section for 30 days or more, the division may suspend or revoke the license of the cardroom operator or deny issuance of any further license to the cardroom operator.

(f) The cardroom shall be deemed an accessory use to a licensed pari-mutuel operation and, except as otherwise provided, a municipality, county, or political subdivision may not assess or collect any additional license tax, sales tax, or excise tax on such cardroom operation.

#### Section 12. Suspension, Revocation, or Denial of License; Fine

(a) The division may deny a license or the renewal thereof, or may suspend or revoke any license, when the applicant has: violated or failed to comply with the provisions of this section or any rules adopted pursuant thereto; knowingly caused, aided, abetted, or conspired with another to cause any person to violate this section or any rules adopted pursuant thereto; or obtained a license or permit by fraud, misrepresentation, or concealment; or if the holder of such license or permit is no longer eligible under this section.

(b) If a pari-mutuel permitholder's pari-mutuel permit or license is suspended or revoked by the division pursuant to chapter 128C, the division may, but is not required to, suspend or revoke such permitholder's cardroom license. If a cardroom operator's license is suspended or revoked pursuant to this section, the division may, but is not required to, suspend or revoke such licensee's pari-mutuel permit or license.

(c) Notwithstanding any other provision of this section, the division may impose an administrative fine not to exceed \$1,000 for each violation against any person who has violated or failed to comply with the provisions of this section or any rules adopted pursuant thereto.

SECTION 2. Section 1 of chapter 271 of the General Laws, as so appearing, is hereby amended by inserting after "23N" the following words:- and 128D.

282           SECTION 3. Section 2 of chapter 271 of the General Laws, as so appearing, is hereby  
283 amended by inserting after “23N” the following words:- and 128D.

284           SECTION 4. Section 5 of chapter 271 of the General Laws, as so appearing, is hereby  
285 amended by inserting after “23N” the following words:- and 128D.

286           SECTION 5. Section 5A of chapter 271 of the General Laws, as so appearing, is hereby  
287 amended by inserting after “23N” in the last paragraph the following words:- or cardrooms  
288 operated pursuant to chapter 128D.

289           SECTION 6. Section 17 of chapter 271 of the General Laws, as so appearing, is hereby  
290 amended by inserting after “23N” the following words:- or cardrooms operated pursuant to  
291 chapter 128D.

292           SECTION 7. Section 20 of said chapter 271, as so appearing, is hereby amended by  
293 adding at the end thereof the following sentence:- Nothing in this section shall prohibit a gaming  
294 establishment licensed under chapter 128D from posting, advertising or displaying materials  
295 relevant to its gaming operations.

296           SECTION 8. Section 23 of said chapter 271, as so appearing, is hereby amended by  
297 inserting after the word “for”, in line 28, the following words:-; provided, however, that such  
298 provisions shall not apply to gaming conducted pursuant to chapter 128D.