

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:
Adrian C. Madaro	1st Suffolk	1/16/2025

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.

The Commonwealth of Massachusetts

**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

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

14 Section 2. Definition

15 As used in this section:

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

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

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

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

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

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

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

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

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

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

46 (k) "House" means the cardroom operator and all employees of the cardroom operator.

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

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

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

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

59 Section 3. Authority

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

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

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

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

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

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

75 (f) Monitor and ensure the proper collection of taxes and fees imposed by this section.

76 Permitholder internal controls are mandated to ensure no compromise of state funds. To that end,
77 a roaming division auditor will monitor and verify the cash flow and accounting of cardroom
78 revenue for any given operating day.

79 Section 3. License; Application; Fees

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

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

(c) Persons seeking a license or a renewal thereof to operate a cardroom shall make

94 application on forms prescribed by the division. Applications for cardroom licenses shall contain

95 all of the information the division, by rule, may determine is required to ensure eligibility.

96 (d) The annual cardroom license fee for each facility shall be \$1,000 for each table to
97 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.

100 floor supervisor, dealer, or any other activity related to cardroom operations while the facility is

101 conducting card playing or games of dominoes must hold a valid cardroom employee

102 occupational license issued by the division. Food service, maintenance, and security employees

103 with a current pari-mutuel occupational license and a current background check will not be

104 required to have a cardroom employee occupational license.

105 (b) Any cardroom management company or cardroom distributor associated with

106 cardroom operations must hold a valid cardroom business occupational license issued by the

107 division.

(c) No licensed cardroom operator may employ or allow a person to work in a

109 cardroom in any activity related to cardroom operations unless such person holds a valid

110 occupational license. No licensed cardroom operator may contract, or otherwise do business

111 with, a business required to hold a valid cardroom business occupational license, unless the

112 business holds such a valid license.

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

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

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

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

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

131 Section 5. Operation of Cardroom

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

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

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

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

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

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

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

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

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

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

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

168 Section 6. Wagers; Limitations

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

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

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

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

185 Section 7. Bond Requirement

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

195 Section 8. Fees for and Prohibitions from Participation

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

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

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

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

211 Section 9. Records and Reports

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

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

225 Section 10. Prohibited Activities

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

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

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

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

237 Section 11. Taxes and Other Payments

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

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

250 (c) Payment of the admission tax and gross receipts tax imposed by this section shall be
251 deposited as follows: 80% into the Gaming Local Aid Fund established by section 63 of chapter
252 23K; and, 20% into the Race Horse Development Fund established by section 60 of chapter 23K.

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

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

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

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

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

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

280 SECTION 2. Section 1 of chapter 271 of the General Laws, as so appearing, is hereby
281 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.