

SENATE BILL 976

C7

6lr1891

By: **Senator Peters**

Introduced and read first time: February 11, 2016

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Daily Fantasy Sports – Authorization and Regulation**

3 FOR the purpose of requiring the State Lottery and Gaming Control Commission, with the
4 assistance of the State Lottery and Gaming Control Agency, to regulate the operation
5 of Internet fantasy sports games; providing that only a person with a certain license
6 may offer Internet fantasy sports games for public use in the State; providing the
7 type of Internet fantasy sports games that a licensed operator may offer; authorizing
8 a person to apply to the Commission for a license to offer Internet fantasy sports
9 games; requiring the application to contain certain information and be in a certain
10 form; requiring the Commission, by regulation, to establish an application fee;
11 requiring the Commission to conduct certain investigations; requiring the
12 Commission, under certain circumstances, to issue a certain license; requiring a
13 licensed operator to ensure that Internet fantasy sports games offered on a licensed
14 operator's Web site comply with certain rules; requiring a licensed operator to hold
15 certain funds of a registered player in trust; requiring a licensed operator to establish
16 and display on its Web site certain procedures; prohibiting a licensed operator from
17 allowing a registered player to establish more than one account; prohibiting a
18 licensed operator from advertising in a certain manner; requiring an individual to
19 register with a licensed operator before participating in an Internet fantasy sports
20 game; requiring a licensed operator to verify certain information about certain
21 individuals; providing that a licensed operator is not in violation of certain provisions
22 if the licensed operator takes certain actions; authorizing the Commission to
23 establish a certain penalty; requiring the Commission to establish, by regulation, a
24 process for a licensed operator to exclude certain players from participation in
25 Internet fantasy sports games; prohibiting certain individuals from playing an
26 Internet fantasy sports game or disclosing certain information; requiring a licensed
27 operator to make certain information known to certain individuals; requiring a
28 licensed operator to take certain actions to identify certain experienced players and
29 inexperienced players; requiring a licensed operator to facilitate the collection of
30 State income tax from registered players; requiring a unit of the State to treat certain
31 information as proprietary; requiring the Commission to establish, collect, and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 deposit certain fees; requiring the Commission to adopt certain regulations;
2 submitting this Act to a referendum of the qualified voters of the State; defining
3 certain terms; and generally relating to the authorization and regulation of Internet
4 fantasy sports.

5 BY adding to

6 Article – State Government

7 Section 9–1B–01 through 9–1B–10 to be under the new subtitle “Subtitle 1B.
8 Internet Fantasy Sports”

9 Annotated Code of Maryland

10 (2014 Replacement Volume and 2015 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
12 That the Laws of Maryland read as follows:

13 **Article – State Government**

14 **SUBTITLE 1B. INTERNET FANTASY SPORTS.**

15 **9–1B–01.**

16 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
17 INDICATED.

18 (B) “AGENCY” MEANS THE STATE LOTTERY AND GAMING CONTROL
19 AGENCY.

20 (C) “COMMISSION” MEANS THE STATE LOTTERY AND GAMING CONTROL
21 COMMISSION.

22 (D) “LICENSED OPERATOR” MEANS A PERSON LICENSED TO OPERATE
23 INTERNET FANTASY SPORTS UNDER § 9–1B–03 OF THIS SUBTITLE.

24 (E) “REGISTERED PLAYER” MEANS AN INDIVIDUAL REGISTERED UNDER §
25 9–1B–05 OF THIS SUBTITLE.

26 **9–1B–02.**

27 (A) THE COMMISSION, WITH THE ASSISTANCE OF THE AGENCY, SHALL
28 REGULATE THE OPERATION OF INTERNET FANTASY SPORTS IN ACCORDANCE WITH
29 THIS SUBTITLE.

30 (B) ONLY A PERSON WITH AN INTERNET FANTASY SPORTS OPERATOR
31 LICENSE ISSUED UNDER THIS SUBTITLE MAY OFFER INTERNET FANTASY SPORTS
32 GAMES FOR PUBLIC USE IN THE STATE.

1 **(C) A LICENSED OPERATOR MAY OFFER INTERNET FANTASY SPORTS GAMES**
2 **TO REGISTERED PLAYERS IN THE STATE WHERE THE REGISTERED PLAYER:**

3 **(1) COMPETES AGAINST OTHER REGISTERED PLAYERS OR A TARGET**
4 **SCORE AS THE OWNER OR MANAGER OF AN IMAGINARY OR SIMULATED TEAM OF**
5 **ATHLETES IN AN IMAGINARY OR SIMULATED GAME; AND**

6 **(2) USES THE STATISTICS ACCUMULATED BY THE ATHLETES IN**
7 **REAL-WORLD SPORTING EVENTS TO DETERMINE THE SCORES OF THE IMAGINARY**
8 **OR SIMULATED GAME.**

9 **9-1B-03.**

10 **(A) (1) A PERSON MAY APPLY TO THE COMMISSION FOR A LICENSE TO**
11 **OFFER INTERNET FANTASY SPORTS GAMES.**

12 **(2) THE APPLICATION SHALL BE IN THE FORM AND CONTAIN THE**
13 **INFORMATION THAT THE COMMISSION REQUIRES.**

14 **(3) THE COMMISSION SHALL, BY REGULATION, ESTABLISH AN**
15 **APPLICATION FEE FOR A LICENSE UNDER THIS SUBSECTION.**

16 **(B) (1) BEFORE ISSUING AN INTERNET FANTASY SPORTS OPERATOR**
17 **LICENSE, THE COMMISSION SHALL INVESTIGATE THE PRIOR ACTIVITIES, CRIMINAL**
18 **RECORD, REPUTATION, HABITS, AND ASSOCIATIONS OF THE APPLICANT AND ANY**
19 **OWNER, OFFICER, DIRECTOR, OR PRINCIPAL OF THE APPLICANT.**

20 **(2) AFTER THE INVESTIGATION UNDER PARAGRAPH (1) OF THIS**
21 **SUBSECTION, THE COMMISSION SHALL ISSUE A LICENSE TO AN APPLICANT TO**
22 **OFFER INTERNET FANTASY SPORTS FOR PUBLIC USE IN THE STATE IF THE**
23 **COMMISSION DETERMINES THAT THE APPLICANT AND ANY OWNER, OFFICER,**
24 **DIRECTOR, OR PRINCIPAL OF THE APPLICANT:**

25 **(I) IS OF GOOD CHARACTER;**

26 **(II) DOES NOT POSE A THREAT TO:**

27 **1. THE PUBLIC INTEREST OF THE STATE; AND**

28 **2. THE EFFECTIVE REGULATION AND CONTROL OF**
29 **INTERNET FANTASY SPORTS;**

1 (III) DOES NOT CREATE OR ENHANCE THE DANGERS OF
2 UNSUITABLE, UNFAIR, OR ILLEGAL PRACTICES, METHODS, AND ACTIVITIES IN THE
3 CONDUCT OF INTERNET FANTASY SPORTS; AND

4 (IV) IS IN ALL OTHER RESPECTS QUALIFIED TO BE LICENSED AS
5 PROVIDED UNDER THIS SUBTITLE.

6 9-1B-04.

7 (A) A LICENSED OPERATOR SHALL ENSURE THAT AN INTERNET FANTASY
8 SPORTS GAME OFFERED ON THE LICENSED OPERATOR'S WEB SITE COMPLIES WITH
9 THE FOLLOWING:

10 (1) AN IMAGINARY OR SIMULATED SPORTS TEAM IN THE GAME MAY
11 NOT BE BASED ON THE CURRENT MEMBERSHIP OF AN ACTUAL TEAM THAT IS A
12 MEMBER OF AN AMATEUR OR PROFESSIONAL SPORTS ORGANIZATION;

13 (2) A PRIZE OR AWARD OFFERED TO A WINNING PARTICIPANT SHALL
14 BE ESTABLISHED AND MADE KNOWN TO THE PARTICIPANTS IN ADVANCE OF THE
15 CONTEST;

16 (3) THE VALUE OF A PRIZE OR AWARD OFFERED TO A WINNING
17 PARTICIPANT MAY NOT BE DETERMINED BY THE NUMBER OF PARTICIPANTS OR THE
18 AMOUNT OF ANY FEES PAID BY PARTICIPANTS; AND

19 (4) THE WINNING OUTCOME OF A GAME MAY NOT BE BASED:

20 (I) ON THE SCORE, POINT SPREAD, OR PERFORMANCE OF ANY
21 SINGLE REAL-WORLD TEAM OR ANY COMBINATION OF REAL-WORLD TEAMS; OR

22 (II) SOLELY ON THE SINGLE PERFORMANCE OF AN INDIVIDUAL
23 ATHLETE IN A SINGLE REAL-WORLD SPORTING EVENT.

24 (B) (1) A LICENSED OPERATOR SHALL HOLD THE FUNDS OF A
25 REGISTERED PLAYER IN A REGISTERED PLAYER'S ACCOUNT IN TRUST FOR THAT
26 REGISTERED PLAYER.

27 (2) A LICENSED OPERATOR SHALL ESTABLISH AND DISPLAY ON THE
28 LICENSED OPERATOR'S WEB SITE PROCEDURES THAT:

29 (I) PREVENT UNAUTHORIZED WITHDRAWALS FROM
30 REGISTERED PLAYER ACCOUNTS;

1 **(II) PREVENT COMMINGLING OF FUNDS IN A REGISTERED**
2 **PLAYER'S ACCOUNT WITH OTHER FUNDS; AND**

3 **(III) ALLOW A REGISTERED PLAYER TO REPORT TO THE**
4 **LICENSED OPERATOR COMPLAINTS THAT THE REGISTERED PLAYER'S FUNDS HAVE**
5 **BEEN MISALLOCATED, COMPROMISED, OR OTHERWISE MISHANDLED.**

6 **(C) A LICENSED OPERATOR MAY NOT ALLOW A REGISTERED PLAYER TO**
7 **ESTABLISH MORE THAN ONE ACCOUNT OR USER NAME ON THE LICENSED**
8 **OPERATOR'S AUTHORIZED WEB SITE.**

9 **(D) A LICENSED OPERATOR MAY NOT ADVERTISE IN PUBLICATIONS OR**
10 **OTHER MEDIA THAT ARE AIMED EXCLUSIVELY OR PRIMARILY AT INDIVIDUALS**
11 **UNDER 21 YEARS OLD.**

12 **(E) A LICENSED OPERATOR MAY NOT ADVERTISE AN INTERNET FANTASY**
13 **SPORTS GAME TO AN INDIVIDUAL BY PHONE, E-MAIL, OR ANY OTHER FORM IF THE**
14 **INDIVIDUAL HAS SELF-EXCLUDED UNDER § 9-1B-06 OF THIS SUBTITLE.**

15 **9-1B-05.**

16 **(A) AN INDIVIDUAL SHALL REGISTER WITH A LICENSED OPERATOR BEFORE**
17 **PARTICIPATING IN AN INTERNET FANTASY SPORTS GAME.**

18 **(B) A LICENSED OPERATOR SHALL VERIFY THAT A REGISTERED PLAYER IS**
19 **ELIGIBLE TO PLAY INTERNET FANTASY SPORTS GAMES AND IMPLEMENT DATA**
20 **SECURITY STANDARDS TO PREVENT ACCESS BY AN INDIVIDUAL WHOSE AGE AND**
21 **LOCATION HAVE NOT BEEN VERIFIED.**

22 **(C) A LICENSED OPERATOR SHALL VERIFY THAT A REGISTERED PLAYER IS**
23 **PHYSICALLY LOCATED IN THE STATE AT THE TIME OF PARTICIPATING IN AN**
24 **INTERNET FANTASY SPORTS GAME ON THE LICENSED OPERATOR'S WEB SITE.**

25 **(D) (1) A LICENSED OPERATOR SHALL VERIFY THAT A REGISTERED**
26 **PLAYER IS AT LEAST 21 YEARS OLD.**

27 **(2) BEFORE REGISTERING AND PERMITTING AN INDIVIDUAL TO**
28 **PARTICIPATE IN AN INTERNET FANTASY SPORTS GAME, A LICENSED OPERATOR**
29 **SHALL VERIFY THAT THE INDIVIDUAL IS AT LEAST 21 YEARS OLD BY:**

30 **(I) ATTEMPTING TO MATCH THE NAME, ADDRESS, AND DATE OF**
31 **BIRTH PROVIDED BY THE INDIVIDUAL TO INFORMATION CONTAINED IN RECORDS IN**

1 A DATABASE OF INDIVIDUALS WHO HAVE BEEN VERIFIED TO BE AT LEAST 21 YEARS
2 OLD; AND

3 (II) VERIFYING THAT THE NAME AND BILLING ADDRESS ON THE
4 CHECK OR CREDIT CARD OFFERED FOR PAYMENT BY THE INDIVIDUAL SEEKING TO
5 BE A REGISTERED PLAYER MATCHES THE NAME AND ADDRESS LISTED IN THE
6 DATABASE DESCRIBED IN ITEM (I) OF THIS PARAGRAPH.

7 (3) IF THE LICENSED OPERATOR IS UNABLE TO VERIFY THAT THE
8 INDIVIDUAL IS AT LEAST 21 YEARS OLD, THE LICENSED OPERATOR SHALL REQUIRE
9 THE INDIVIDUAL TO SUBMIT AGE-VERIFICATION DOCUMENTS THAT INCLUDE:

10 (I) AN ATTESTATION SIGNED BY THE INDIVIDUAL THAT THE
11 INDIVIDUAL IS AT LEAST 21 YEARS OLD; AND

12 (II) A COPY OF A VALID FORM OF GOVERNMENT
13 IDENTIFICATION.

14 (4) A LICENSED OPERATOR IS NOT IN VIOLATION OF THIS SECTION IF
15 AN INDIVIDUAL UNDER THE AGE OF 21 YEARS PARTICIPATES IN AN INTERNET
16 FANTASY SPORTS GAME AND THE OPERATOR HAS COMPLIED WITH THE
17 REQUIREMENTS OF PARAGRAPHS (2) AND (3) OF THIS SUBSECTION.

18 (E) THE COMMISSION MAY ESTABLISH AND ASSESS A CIVIL PENALTY
19 AGAINST A LICENSED OPERATOR FOR A VIOLATION OF THIS SECTION.

20 **9-1B-06.**

21 THE COMMISSION SHALL ESTABLISH, BY REGULATION, A PROCESS FOR A
22 LICENSED OPERATOR TO EXCLUDE FROM PLAY ANY INDIVIDUAL WHO HAS FILLED
23 OUT AN ONLINE SELF-EXCLUSION FORM.

24 **9-1B-07.**

25 (A) THIS SECTION APPLIES TO EACH OF THE FOLLOWING:

26 (1) AN OWNER OF A LICENSED OPERATOR;

27 (2) AN OFFICER OF A LICENSED OPERATOR;

28 (3) A DIRECTOR OF A LICENSED OPERATOR;

29 (4) A PRINCIPAL OF A LICENSED OPERATOR;

1 **(5) AN EMPLOYEE OF A LICENSED OPERATOR; AND**

2 **(6) A CONTRACTOR OF A LICENSED OPERATOR.**

3 **(B) AN INDIVIDUAL LISTED UNDER SUBSECTION (A) OF THIS SECTION MAY**
4 **NOT:**

5 **(1) PLAY AN INTERNET FANTASY SPORTS GAME OFFERED BY A**
6 **LICENSED OPERATOR;**

7 **(2) PLAY AN INTERNET FANTASY SPORTS GAME OFFERED BY A**
8 **LICENSED OPERATOR THROUGH ANOTHER INDIVIDUAL AS A PROXY; OR**

9 **(3) DISCLOSE PROPRIETARY OR NONPUBLIC INFORMATION THAT**
10 **MAY AFFECT THE PLAY OF AN INTERNET FANTASY SPORTS GAME TO ANY**
11 **INDIVIDUAL AUTHORIZED TO PLAY THAT INTERNET FANTASY SPORTS GAME.**

12 **(C) A LICENSED OPERATOR SHALL MAKE THE PROHIBITIONS UNDER THIS**
13 **SECTION KNOWN TO ALL AFFECTED INDIVIDUALS.**

14 **(D) (1) A LICENSED OPERATOR SHALL IDENTIFY A HIGHLY EXPERIENCED**
15 **REGISTERED PLAYER USING A SYMBOL ATTACHED TO THAT REGISTERED PLAYER'S**
16 **ACCOUNT OR USERNAME, OR BY OTHER MEANS EASILY IDENTIFIABLE BY OTHER**
17 **REGISTERED PLAYERS.**

18 **(2) A LICENSED OPERATOR SHALL DEVELOP AND OFFER AT LEAST**
19 **ONE INTERNET FANTASY SPORTS GAME IN WHICH A HIGHLY EXPERIENCED PLAYER**
20 **MAY NOT PARTICIPATE EITHER DIRECTLY OR THROUGH ANOTHER INDIVIDUAL AS A**
21 **PROXY.**

22 **9-1B-08.**

23 **(A) A LICENSED OPERATOR SHALL FACILITATE THE COLLECTION OF STATE**
24 **INCOME TAX FROM REGISTERED PLAYERS AND PROVIDE CURRENT AND ACCURATE**
25 **DOCUMENTATION ON A TIMELY BASIS TO ALL STATE AGENCIES.**

26 **(B) A UNIT OF THE STATE SHALL TREAT THE PROPRIETARY INFORMATION**
27 **PROVIDED BY A LICENSED OPERATOR AS CONFIDENTIAL IN ORDER TO PROTECT THE**
28 **LICENSED OPERATOR AND PROTECT THE SECURITY OF THE LICENSED OPERATOR.**

29 **9-1B-09.**

1 **(A) (1) THE COMMISSION SHALL ESTABLISH A ONE-TIME LICENSE FEE**
2 **THAT EACH LICENSED OPERATOR SHALL PAY BEFORE THE COMMISSION ISSUES A**
3 **LICENSE.**

4 **(2) THE COMMISSION SHALL DEPOSIT THE ONE-TIME LICENSE FEE**
5 **REQUIRED UNDER THIS SUBSECTION INTO THE GENERAL FUND OF THE STATE.**

6 **(B) (1) THE COMMISSION SHALL ESTABLISH AND COLLECT FROM A**
7 **LICENSED OPERATOR AN ANNUAL REGULATORY LICENSING FEE TO DEFRAY THE**
8 **COSTS OF IMPLEMENTING THE PROVISIONS OF THIS SUBTITLE.**

9 **(2) THE COMMISSION SHALL DEPOSIT THE FEE REQUIRED UNDER**
10 **THIS SUBSECTION INTO A SPECIAL FUND TO BE USED TO IMPLEMENT THE**
11 **PROVISIONS OF THIS SUBTITLE.**

12 **9-1B-10.**

13 **THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS**
14 **SUBTITLE.**

15 SECTION 2. AND BE IT FURTHER ENACTED, That before this Act, which
16 authorizes additional forms or an expansion of commercial gaming, becomes effective it
17 shall first be submitted to a referendum of the qualified voters of the State at the general
18 election to be held in November of 2016, in accordance with Article XIX, § 1(e) of the
19 Maryland Constitution. The State Board of Elections shall do those things necessary and
20 proper to provide for and hold the referendum required by this section. If a majority of the
21 votes cast on the question are "For the referred law" the provisions of this Act shall become
22 effective on the 30th day following the official canvass of votes for the referendum, but if a
23 majority of the votes cast on the question are "Against the referred law" the provisions of
24 this Act are of no effect and null and void.

25 SECTION 3. AND BE IT FURTHER ENACTED, That, subject to the provisions of
26 Section 2 of this Act and for the sole purpose of providing for the referendum required by
27 Section 2 of this Act, this Act shall take effect July 1, 2016.