

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing & General Affairs to  
3 which was referred Senate Bill No. 223 entitled “An act relating to regulating  
4 fantasy sports contests” respectfully reports that it has considered the same and  
5 recommends that the bill be amended by striking out all after the enacting  
6 clause and inserting in lieu thereof the following:

7 Sec. 1. 9 V.S.A. chapter 116 is added to read:

8 CHAPTER 116. FANTASY SPORTS CONTESTS

9 § 4185. DEFINITIONS

10 In this chapter:

11 (1) “Confidential fantasy sports contest information” means nonpublic  
12 information available to a fantasy sports operator that relates to a fantasy sports  
13 player’s activity in a fantasy sports contest and that, if disclosed, may give  
14 another fantasy sports player an unfair competitive advantage in a fantasy  
15 sports contest.

16 (2) “Fantasy sports contest” means a virtual or simulated sporting event  
17 governed by a uniform set of rules adopted by a fantasy sports operator in  
18 which:

19 (A) a fantasy sports player may earn one or more cash prizes or  
20 awards, the value of which a fantasy sports operator discloses in advance of the  
21 contest;

1           (B) a fantasy sports player uses his or her knowledge and skill of  
2           sports data, performance, and statistics to create and manage a fantasy sports  
3           team;

4           (C) a fantasy sports team earns fantasy points based on the sports  
5           performance statistics accrued by individual athletes or teams, or both, in real  
6           world sporting events;

7           (D) the outcome is determined by the number of fantasy points  
8           earned; and

9           (E) the outcome is not determined by the score, the point spread, the  
10           performance of one or more teams, or the performance of an individual athlete  
11           in a single real world sporting event.

12           (3) “Fantasy sports operator” means a person that offers to members of  
13           the public the opportunity to participate in a fantasy sports contest for  
14           consideration.

15           (4) “Fantasy sports player” means an individual who participates in a  
16           fantasy sports contest for consideration.

17           § 4186. CONSUMER PROTECTION

18           (a) A fantasy sports operator shall adopt policies and procedures to:

19           (1) prevent participation in a fantasy sports contest he or she offers with  
20           a cash prize of \$5.00 or more by:

21           (A) the fantasy sports operator;

1           (B) an employee of the fantasy sports operator or a relative of the  
2           employee who lives in the same household; or

3           (C) a professional athlete or official who participates in one or more  
4           real world sporting events in the same sport as the fantasy sports contest;

5           (2) prevent the disclosure of confidential fantasy sports contest  
6           information to an unauthorized person;

7           (3) require that a fantasy sports player is 18 years of age or older, and  
8           verify the age of each player using one or more commercially available  
9           databases, which primarily consist of data from government sources and which  
10           government and business regularly use to verify and authenticate age and  
11           identity;

12           (4) limit and disclose to prospective players the number of entries a  
13           fantasy sports player may submit for each fantasy sports contest; and

14           (5) segregate player funds from operational funds, and maintain a  
15           reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a  
16           bond, or a combination thereof in an amount that equals or exceeds the amount  
17           of deposits in fantasy sports player accounts, for the benefit and protection of  
18           fantasy sports player funds held in their accounts.

19           (b) A fantasy sports operator shall adopt and implement guidelines based  
20           on the Fantasy Sports Consumer Protection Guidelines adopted by the National  
21           Council on Problem Gambling, including the following:

1           (1) The operator shall provide a link on its website to information on  
2 problem gambling and where to seek assistance for problem gambling in  
3 Vermont and nationally.

4           (2)(A) The operator shall enable a fantasy sports player to irrevocably  
5 restrict his or her own ability to participate in a fantasy sports contest, for a  
6 period of time the player specifies, by submitting a request to the operator  
7 through its website, by telephone, or by online chat with the operator’s agent.

8           (B) The operator shall provide to a player who self-restricts his or her  
9 participation information concerning:

10           (i) available problem gambling resources;

11           (ii) how to close an account and restrictions on opening a new  
12 account during the period of self-restriction;

13           (iii) requirements to reinstate an account at the end of the period;

14 and

15           (iv) how the operator addresses reward points and account  
16 balances during and after the period of self-restriction, and if applicable, if the  
17 player closes his or her account.

18           (3) The operator shall provide a player access to:

19           (A) a player’s play history, including money spent, games played,  
20 previous line-ups, and prizes awarded;

1           (B) a player’s account details, including deposit amounts, withdrawal  
2           amounts, and bonus information, including amounts remaining for a pending  
3           bonus and amounts released to the player.

4           (c)(1) A fantasy sports operator shall contract with a third party to perform  
5           an annual independent audit, consistent with the standards established by the  
6           Public Company Accounting Oversight Board, to ensure compliance with the  
7           requirements in this chapter.

8           (2) The fantasy contest operator shall submit the results of the  
9           independent audit to the Attorney General.

10           (d) A fantasy sports operator shall transfer one percent of its annual net  
11           revenue, as determined in the audit performed pursuant to subsection (c) of this  
12           section, to a program for problem gambling designated by [the State].

13           § 4187. PENALTY

14           A person who violates a provision of this chapter shall be subject to a civil  
15           penalty of not more than \$1,000.00 for each violation, which shall accrue to  
16           the State and may be recovered in a civil action brought by the Attorney  
17           General.

18           § 4188. EXEMPTION

19           The provisions of 13 V.S.A. chapter 51, relating to gambling and lotteries,  
20           shall not apply to a fantasy sports contest.

21           Sec. 2. EFFECTIVE DATE

1        This act shall take effect on July 1, 2016.

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9        (Committee vote: \_\_\_\_\_)

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Senator \_\_\_\_\_

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FOR THE COMMITTEE