

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and 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 have the following duties:**

1 (1) The operator shall provide a link on its website to information and
2 resources addressing addiction and compulsive behavior and where to seek
3 assistance with these issues in Vermont and nationally.

4 (2)(A) The operator shall enable a fantasy sports player to restrict
5 irrevocably 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 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 resources addressing addiction and compulsive
11 behavior;

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

14 (iii) requirements to reinstate an account at the end of the
15 period; and

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

19 (3) The operator shall provide a player access to the following
20 information for the previous six months:

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

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

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

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

12 § 4187. PENALTY

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

17 § 4188. EXEMPTION

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

20 Sec. 2. EFFECTIVE DATE

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

1

2

3 (Committee vote: _____)

4

5

Senator _____

6

FOR THE COMMITTEE