

Curtis, Christopher

From: Curtis, Christopher
Sent: Wednesday, March 15, 2017 10:40 PM
To: 'kjmbjm@aol.com'
Cc: David Hall; 'Christopher Rice'; Diamond, Joshua
Subject: fantasy sport regulation in other states
Attachments: Massachusetts-DFS-regulations.pdf; NY Fantasy statute.pdf

Dear Sen. Mullin,

Thank you for your invitation to review other state legislation regulating online fantasy sports.

Below are some of the elements from NY and MA that are distinct from the proposed legislation in Vermont. Importantly, there are consumer protection elements in other states that the current proposed legislation currently lacks. In addition, there are registration and tax revenue considerations that New York has adopted (with funds going to the state's lottery fund for education), as well as registration requirements and commission oversight.

New York (A10736)

Consumer protection

There are a variety of consumer protections instituted by the bill (some of which – but not all are in the Vermont proposal):

- No gameplay by minors (under the age of 18). This is the same as the Vermont proposal.
- Truthful advertising (operators must “make clear and conspicuous statements that are not inaccurate or misleading concerning the chances of winning and the number of winners.”)
- Sites must allow players to exclude themselves from play and include a resource for compulsive play. There is a provision for this in the Vermont proposal.
- Sites must identify all “highly experienced players” in any contest.
- Segregation of player funds from operating funds. There is a provision for this in the Vermont proposal.

Registration and taxes

Industry sites must be registered with the state and pay 15 percent tax on gross revenues generated by in-state players. The industry also pays an additional tax of 0.5 percent of revenues, with a \$50,000 annual cap. Revenue goes to the state's lottery

lottery products online or over the internet.

The commission shall consist of: 1 person who shall be appointed by the governor who shall have industry expertise in fantasy sports gaming; 1 person who shall be appointed by the Massachusetts gaming commission; 1 person who shall be appointed by the attorney general who shall have expertise in fantasy sports gaming consumer protection; 2 people who shall be appointed by the president of the senate, 1 of whom shall be the senate chair of the joint committee on economic development and emerging technologies; 1 person who shall be appointed by the minority leader of the senate; 2 people who shall be appointed by the speaker of the house of representatives, 1 of whom shall be the house chair of the joint committee on economic development and emerging technologies; and 1 person who shall be appointed by the minority leader of the house of representatives. The commission shall be co-chaired by the house and senate chairs of the joint committee on economic development and emerging technologies and shall convene its first meeting not later than November 1, 2016.

The commission shall submit its final report and its recommendations for legislation by filing the report and recommendations for legislation with the clerks of the senate and the house of representatives not later than July 31, 2017.

Links:

New York bill (signed into law by Gov. Cuomo) (also attached):

<http://legislation.nysenate.gov/pdf/bills/2015/A10736>

Massachusetts economic development bill:

<https://malegislature.gov/Laws/SessionLaws/Acts/2016/Chapter219>

Also attached is a copy of Massachusetts Attorney General Maura Healey's rules governing online fantasy sports.

Other: You also asked about how many states have enacted legislation. The industry sponsors what appears to be a relatively comprehensive state-by-state review of legislative activity around the country with respect to online fantasy sports. According to this industry-funded source there are currently nine (9) states with online fantasy sport regulations passed by state legislatures. Other states have considered, or may be considering legislation. The links relating to legislative activity appear to correspond to legislative websites around the country): <http://www.legalsportsreport.com/dfs-bill-tracker/>

I hope this information is useful and I look forward to meeting with your committee again tomorrow. This office appreciates your consideration and attention to protections for Vermont consumers.

Best, Christopher