

Fantasy Sports Contests in Vermont

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EXECUTIVE SUMMARY

Fantasy sports contests were legalized in Vermont in 2017. At that time, fantasy sports operators were required to register their company with the Secretary of State and pay a \$5,000 registration fee. The passage of Act 63 shifted the responsibility of registering fantasy sports contest operators from the Secretary of State to the Department of Liquor and Lottery (DLL).

As of 12/3/2024, there have been 13 fantasy sports operators that have registered with DLL. This report contains a summary examination of the current landscape of fantasy sports contests in Vermont.

LEGISLATIVE LANGUAGE

In accordance with [Act 63 \(2023\)](#), DLL is submitting this report to the Legislature to meet the following requirement:

***Sec. 2. DEPARTMENT OF LIQUOR AND LOTTERY; FANTASY SPORTS
CONTEST REPORT AND RECOMMENDATIONS***

(a) On or before January 15, 2024, the Department of Liquor and Lottery shall submit to the House Committee on Government Operations and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs a report on the current status of fantasy sports contests in Vermont.

(b) The report shall include:

(1) an examination of the number of fantasy sports contest operators, the amount of players who participate in fantasy sports contests, and the State's compliance monitoring and enforcement of the laws governing fantasy sports contests; and

(2) recommendations for how the current statutes governing fantasy sports contests may be amended to address any issues identified in the report.

CURRENT FANTASY SPORTS LANDSCAPE

On October 15, 2023, the responsibility for fantasy sports contest operator registration changed from the Secretary of State's Office to the Department of Liquor and Lottery. As of 12/3/2024, there are 13 active fantasy sports contest operators registered in Vermont. This represents an increase of one licensed fantasy sports contest operator compared to 2023. The registration fee is \$5,000.

Currently, there are estimated to be 17,285 active accounts that participate in fantasy sports in Vermont. Please note that this figure may count an individual multiple times if they have accounts with multiple Fantasy Sports operators.

Oversight of fantasy sports contests and operators resides with the Office of the Attorney General. DLL has no statutory regulatory authority of fantasy sports. DLL's authority is limited to the registration of fantasy sports operators. Any consumer complaints related to fantasy sports contest are directed to the Office of the Attorney General's Consumer Assistance Program. **Since 2017, the Office of the Attorney General has not received a consumer complaint related to fantasy sports contests.**

LIST OF FANTASY SPORTS OPERATORS

Underdog Sports, LLC
Sleeper DFS LLC
Dober Media LLC
FanDuel Inc.
Yahoo Fantasy Sports LLC
DK Crown Holdings Inc.
Certamen Games, LLC
Vivid Picks, LLC
Taild Sports Inc.
Colossus Fantasy LLC
OwnersBox 3.0 Corporation
Betr Holdings Inc.
SidePrize, LLC

FANTASY SPORTS RECOMMENDATIONS

To date, DLL's involvement in fantasy sports contests is exclusively registering operators. Since the launch of online sports wagering in January 2024, DLL has gained experience in the regulation of online sports wagering, but not in fantasy sports. To aid DLL's understanding of the fantasy sports industry, the following questions have been considered and evaluated:

1) What regulatory and enforcement trends are occurring in other jurisdictions?

- Many jurisdictions separate fantasy sports and sports wagering regulations. For example, New York State has separated fantasy sports, which is incorporated into its Racing, Pari-Mutuel Wagering and Breeding Law, in Article 14, from Sports Wagering which is found in Article 13, Title 8 § 1367 and 1367-A.

Additionally, the State of Colorado legalized both sports betting and fantasy sports contests. While these two areas are overseen by the Colorado Department of Revenue, both types of "Gaming" are subject to their own unique rules and regulations.

- In some jurisdictions, state government agencies are sending cease and desist letters to fantasy sports operators that have been suspected of offering "Pick 'Em"-style fantasy contests (Allaire & Schaller, 2024).

2) What differentiates fantasy sports contests from online sports wagering?

- Several factors differentiate fantasy sports contests from online sports wagering. Participants in Vermont must be at least 18 years old to partake in fantasy sports contests, whereas participants must be at least 21 years old to partake in online sports wagering.
- Fantasy sports is widely considered to be skill-based, whereas online sports wagering is a game of chance and is not skill-based (Brough, 2024). The Unlawful Internet Gambling Enforcement Act states that a fantasy sports contest includes the following:
 - "All prizes and awards offered to winning participants are established and made known to the participants in advance of the game or contest and their value is not determined by the number of participants or the amount of any fees paid by those participants.

All winning outcomes reflect the relative knowledge and skill of the participants and are determined predominantly by accumulated statistical results of the performance of individuals (i.e. athletes in the case of sports events) in multiple real-world sporting or other events.”

- No winning outcome is based:
 - On the score, point spread, or any performance or performances of any single real-world team or any combination of such teams; or
 - Solely on any single performance of an individual athlete in any single real-world sporting or other event.” (Baker & Kirschner, 2024)
- Nationally, fantasy sports contests are primarily offered in two different “versions”:
 - Peer-to-peer contests:
 - These contests are viewed as the “traditional” fantasy sports contests. This version features players competing against each other and the operator is often responsible for collecting an entry fee from the individuals that enter the contest (Allaire & Schaller, 2024).
 - Player versus house contests:
 - These contests are more commonly called “Pick’em” style games. In this version of fantasy sports contests, a player picks multiple athletes and the outcome of their stat projections vs. actual stat performances, and then receives a payout (if they win) equal to multiple times their entry fee (Allaire & Schaller, 2024).
- In most jurisdictions, online sports wagering is much more heavily regulated than fantasy sports contests.

3) What similarities exist between fantasy sports and online sports wagering?

- Many of the large online sports wagering companies, such as FanDuel and DraftKings, also offer fantasy sports contests.
- Both legal online sports wagering and fantasy sports contests are accessed and utilized via smartphone-based applications in addition to websites offered by both operator types.
- Nationally, both the online sports wagering and fantasy sports contest industries are continuing to experience growth.
- Both online sports wagering and fantasy sports contests rely on geolocation to track where players are logging in from.

4) What lessons learned from regulating sports wagering can be applied to fantasy sports contests?

- Due to sports wagering being a game of chance, and fantasy sports contests being a skill-based game, there are little similarities between the two when it comes to a regulatory structure in practice (Brough, 2024).
- With sports wagering and fantasy sports contests intentionally being defined as being different from one another, different regulatory approaches to each are warranted.

CONCLUSION

After examining the fantasy sports contest industry in Vermont, DLL does not recommend the implementation of a robust regulatory framework like the regulatory framework that has been implemented for online sports wagering. The lack of complaints associated with fantasy sports contests received in The Office of the Attorney General suggests there is not a problem with fantasy sports operators. Differences between fantasy sports contests and online sports wagering justify a different regulatory framework for each. DLL concludes that the current regulatory approach in Vermont is sufficient.

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