
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2150 Session of
2015

INTRODUCED BY DUNBAR, DIAMOND, A. HARRIS, KORTZ, KOTIK, MASSER,
MILLARD, NEILSON AND YOUNGBLOOD, JUNE 9, 2016

REFERRED TO COMMITTEE ON GAMING OVERSIGHT, JUNE 9, 2016

AN ACT

1 Providing for fantasy contests; imposing duties upon the
2 Department of Revenue, the Department of Drug and Alcohol
3 Programs and the Pennsylvania Gaming Control Board; and
4 making appropriations.

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15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 CHAPTER 1

18 GENERAL PROVISIONS

19 Section 101. Short title.

20 This act shall be known and may be cited as the Fantasy
21 Sports Consumer Protection Act.

22 Section 102. Definitions.

23 The following words and phrases when used in this act shall
24 have the meanings given to them in this section unless the
25 context clearly indicates otherwise:

26 "Board." The Pennsylvania Gaming Control Board.

27 "Conduct of gaming." The licensed placement, operation and
28 play of slot machines and table games under 4 Pa.C.S. (relating
29 to amusements) as authorized and approved by the board.

30 "Controlling interest." Either of the following:

1 (1) For a publicly traded domestic or foreign
2 corporation, a controlling interest is an interest in an
3 applicant for a fantasy contest license or a licensed
4 operator if a person's sole voting rights under State law or
5 corporate articles or bylaws entitle the person to elect or
6 appoint one or more of the members of the board of directors
7 or other governing board or the ownership or beneficial
8 holding of 5% or more of the securities of the publicly
9 traded corporation, partnership, limited liability company or
10 other form of publicly traded legal entity, unless this
11 presumption of control or ability to elect is rebutted by
12 clear and convincing evidence.

13 (2) For a privately held domestic or foreign
14 corporation, partnership, limited liability company or other
15 form of privately held legal entity, a controlling interest
16 is the holding of any securities in the legal entity, unless
17 this presumption of control is rebutted by clear and
18 convincing evidence.

19 "Department." The Department of Revenue of the Commonwealth.

20 "Entry fee." The cash or cash equivalent paid by a
21 participant to a licensed operator in order to participate in a
22 fantasy contest.

23 "Fantasy contest." An online fantasy or simulated game or
24 contest with an entry fee and a prize or award in which:

25 (1) The value of all prizes or awards offered to winning
26 participants is established and made known to participants in
27 advance of the contest.

28 (2) All winning outcomes reflect the relative knowledge
29 and skill of participants and are determined by accumulated
30 statistical results of the performance of individuals,

1 including athletes in the case of sports events.

2 (3) No winning outcome is based on the score, point
3 spread or performance of a single actual team or combination
4 of teams or solely on a single performance of an individual
5 athlete or player in a single actual event.

6 "Fantasy contest account." The formal electronic system
7 implemented by a licensed operator to record a participant's
8 entry fees, prizes or awards and other activities related to
9 participation in the licensed operator's fantasy contests.

10 "Fantasy contest adjusted revenues." For each fantasy
11 contest, the amount equal to the total amount of all entry fees
12 collected from all participants entering the fantasy contest
13 minus prizes or awards paid to participants in the fantasy
14 contest, multiplied by the in-State percentage.

15 "Fantasy contest license." A license issued by the board
16 authorizing a person to offer fantasy contests in this
17 Commonwealth in accordance with this act.

18 "Fantasy contest terminal." A physical, land-based
19 computerized or electronic terminal or similar device that
20 allows participants to:

- 21 (1) register for a fantasy contest account;
- 22 (2) pay an entry fee;
- 23 (3) select an imaginary team;
- 24 (4) receive winnings; or
- 25 (5) otherwise participate in a fantasy contest.

26 "Gaming floor." Any portion of a licensed facility where
27 slot machines or table games have been installed for use or
28 play.

29 "Gaming service provider." As defined in 4 Pa.C.S. § 1103
30 (relating to definitions).

1 "In-State participant." An individual who resides within
2 this Commonwealth and participates in a fantasy contest
3 conducted by a licensed operator. The term includes an
4 individual who pays an entry fee through a fantasy contest
5 terminal within a licensed facility.

6 "In-State percentage." For each fantasy contest, the
7 percentage, rounded to the nearest tenth of a percent, equal to
8 the total entry fees collected from all in-State participants
9 divided by the total entry fees collected from all participants
10 in the fantasy contest.

11 "Key employee." An individual who is employed by an
12 applicant for a fantasy contest license or a licensed operator
13 in a director or department head capacity and who is empowered
14 to make discretionary decisions that regulate fantasy contest
15 operations as determined by the board.

16 "Licensed facility." As defined in 4 Pa.C.S. § 1103
17 (relating to definitions).

18 "Licensed gaming entity." As defined in 4 Pa.C.S. § 1103
19 (relating to definitions).

20 "Licensed operator." A person who holds a fantasy contest
21 license.

22 "Participant." An individual who participates in a fantasy
23 contest, whether the individual resides in this Commonwealth or
24 another jurisdiction.

25 "Person." A natural person, corporation, publicly traded
26 corporation, foundation, organization, business trust, estate,
27 limited liability company, licensed corporation, trust,
28 partnership, limited liability partnership, association or any
29 other form of legal business entity.

30 "Principal." An officer, director, person who directly holds

1 a beneficial interest in or ownership of the securities of an
2 applicant for a fantasy contest license or a licensed operator,
3 person who has a controlling interest in an applicant for a
4 fantasy contest license or a licensed operator or who has the
5 ability to elect a majority of the board of directors of a
6 licensed operator or to otherwise control a licensed operator,
7 lender or other licensed financial institution of an applicant
8 for a fantasy contest license or a licensed operator, other than
9 a bank or lending institution which makes a loan or holds a
10 mortgage or other lien acquired in the ordinary course of
11 business, underwriter of an applicant for a fantasy contest
12 license or a licensed operator or other person or employee of an
13 applicant for a fantasy contest license or a licensed operator
14 deemed to be a principal by the board.

15 "Prize or award." Anything of value worth \$100 or more or
16 cash.

17 "Publicly traded corporation." A person, other than an
18 individual, that:

19 (1) has a class or series of securities registered under
20 the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C.
21 § 78a et seq.);

22 (2) is a registered management company under the
23 Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. §
24 80a-1 et seq.); or

25 (3) is subject to the reporting obligations imposed by
26 section 15(d) of the Securities Exchange Act of 1934 by
27 reason of having filed a registration statement that has
28 become effective under the Securities Act of 1933 (48 Stat.
29 74, 15 U.S.C. § 77a et seq.).

30 CHAPTER 3

ADMINISTRATION

Section 301. General and specific powers of board.

(a) General powers.--

(1) The board shall have regulatory authority over licensed operators and shall ensure the integrity of fantasy contests offered in this Commonwealth in accordance with this act.

(2) The board may employ individuals as necessary to carry out the requirements of this act, who shall serve at the board's pleasure. An employee of the board shall be considered a State employee for purposes of 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers).

(b) Specific powers.--The board shall have the following powers:

(1) At the board's discretion, to issue, approve, renew, revoke, suspend, condition or deny issuance of fantasy contest licenses.

(2) At the board's discretion, to suspend, condition or deny the issuance or renewal of a fantasy contest license or levy fines for any violation of this act.

(3) To publish each January in the Pennsylvania Bulletin and on the board's publicly accessible Internet website a complete list of all persons who applied for or held a fantasy contest license at any time during the preceding calendar year and the status of the application or fantasy contest license.

(4) To prepare and, through the Governor, submit annually to the General Assembly an itemized budget consistent with Article VI of the act of April 9, 1929

1 (P.L.177, No.175), known as The Administrative Code of 1929,
2 consisting of the amounts necessary to be appropriated by the
3 General Assembly out of the accounts established under
4 section 702 required to meet the obligations under this act
5 accruing during the fiscal period beginning July 1 of the
6 following year.

7 (5) In the event that, in any year, appropriations for
8 the administration of this act are not enacted by June 30,
9 any funds appropriated for the administration of this act
10 which are unexpended, uncommitted and unencumbered at the end
11 of a fiscal year shall remain available for expenditure by
12 the board until the enactment of appropriation for the
13 ensuing fiscal year.

14 (6) To promulgate rules and regulations necessary for
15 the administration and enforcement of this act. Except as
16 provided in section 302, regulations shall be adopted under
17 the act of July 31, 1968 (P.L.769, No.240), referred to as
18 the Commonwealth Documents Law, and the act of June 25, 1982
19 (P.L.633, No.181), known as the Regulatory Review Act.

20 (7) To administer oaths, examine witnesses and issue
21 subpoenas compelling the attendance of witnesses or the
22 production of documents and records or other evidence or to
23 designate officers or employees to perform duties required by
24 this act.

25 (8) At the board's discretion, to delegate any of the
26 board's responsibilities under this act to the Bureau of
27 Investigations and Enforcement or the Office of Enforcement
28 Counsel.

29 (9) To require licensed operators and applicants for a
30 fantasy contest license to submit any information or

1 documentation necessary to ensure the proper regulation of
2 fantasy contests in accordance with this act.

3 (10) To require licensed operators to:

4 (i) annually contract with a certified public
5 accountant to conduct an independent audit in accordance
6 with standards promulgated by the State Board of
7 Accountancy to verify compliance with the provisions of
8 this act;

9 (ii) annually contract with a testing laboratory
10 approved by the board to verify compliance with the
11 provisions of this act; and

12 (iii) submit to the board and department a copy of
13 the audit report required by subparagraph (i) and submit
14 to the board a copy of the report of the testing
15 laboratory required by subparagraph (ii).

16 (11) In conjunction with the Department of Drug and
17 Alcohol Programs, to develop a process by which licensed
18 operators provide participants with a toll-free telephone
19 number that refers individuals to appropriate treatment
20 services for compulsive and problem play of fantasy contests.

21 (12) At the board's discretion, to permit the placement
22 and operation of fantasy contest terminals within licensed
23 facilities and to ensure the integrity of fantasy contest
24 terminals.

25 (c) Exceptions.--Except as provided under section 902,
26 nothing in this section shall be construed to authorize the
27 board:

28 (1) To require background investigations for employees,
29 other than key employees and principals, of an applicant for
30 a fantasy contest license or a licensed operator.

1 (2) To require any additional permits or licenses not
2 specifically enumerated in this act.

3 (3) To impose additional conditions of licensure on
4 licensed operators or prohibitions on the operation of
5 fantasy contests not specifically enumerated in this act.

6 Section 302. Temporary regulations.

7 (a) Promulgation.--In order to facilitate the prompt
8 implementation of this act, regulations promulgated by the board
9 shall be deemed temporary regulations and shall expire no later
10 than two years following the effective date of this section. The
11 board may promulgate temporary regulations not subject to:

12 (1) Sections 201, 202 and 203 of the act of July 31,
13 1968 (P.L.769, No.240), referred to as the Commonwealth
14 Documents Law.

15 (2) The act of June 25, 1982 (P.L.633, No.181), known as
16 the Regulatory Review Act.

17 (b) Expiration.--The authority provided to the board to
18 adopt temporary regulations in subsection (a) shall expire no
19 later than two years following the effective date of this
20 section. Regulations adopted after this period shall be
21 promulgated as provided by law.

22 Section 303. Fantasy contest license appeals.

23 An applicant may appeal any final order, determination or
24 decision of the board involving the approval, issuance, denial,
25 revocation or conditioning of a fantasy contest license in
26 accordance with 2 Pa.C.S. Chs. 5 Subch. A (relating to practice
27 and procedure of Commonwealth agencies) and 7 Subch. A (relating
28 to judicial review of Commonwealth agency action).

29 Section 304. Board minutes and records.

30 (a) Record of proceedings.--The board shall maintain a

1 record of all proceedings held at public meetings of the board.
2 The verbatim transcript of the proceedings shall be the property
3 of the board and shall be prepared by the board upon the request
4 of any board member or upon the request of any other person and
5 the payment by that person of the costs of preparation.

6 (b) Applicant information.--

7 (1) The board shall maintain a list of all applicants
8 for a fantasy contest license. The list shall include a
9 record of all actions taken with respect to each applicant.
10 The list shall be open to public inspection during the normal
11 business hours of the board.

12 (2) Information under paragraph (1) regarding an
13 applicant whose fantasy contest license has been denied,
14 revoked or not renewed shall be removed from the list after
15 seven years from the date of the action.

16 (c) Other files and records.--The board shall maintain such
17 other files and records as it may deem appropriate.

18 (d) Confidentiality of information.--

19 (1) The following information submitted by an applicant
20 for a fantasy contest license under section 502 or otherwise
21 obtained by the board as part of a background or other
22 investigation from any source shall be confidential and
23 withheld from public disclosure:

24 (i) All information relating to character, honesty
25 and integrity, including family, habits, reputation,
26 history of criminal activity, business activities,
27 financial affairs and business, professional and personal
28 associations.

29 (ii) Nonpublic personal information, including home
30 addresses, telephone numbers and other personal contact

1 information, Social Security numbers, educational
2 records, memberships, medical records, tax returns and
3 declarations, actual or proposed compensation, financial
4 account records, creditworthiness or financial condition
5 relating to an applicant.

6 (iii) Information relating to proprietary
7 information, trade secrets, patents or exclusive
8 licenses, architectural and engineering plans and
9 information relating to competitive marketing materials
10 and strategies that may include customer-identifying
11 information or customer prospects for services subject to
12 competition.

13 (iv) Information with respect to which there is a
14 reasonable possibility that public release or inspection
15 of the information would constitute an unwarranted
16 invasion into personal privacy of an individual as
17 determined by the board.

18 (v) Records of an applicant for a fantasy contest
19 license or a licensed operator not required to be filed
20 with the Securities and Exchange Commission by issuers
21 that either have securities registered under section 12
22 of the Securities Exchange Act of 1934 (48 Stat. 881, 15
23 U.S.C. § 781) or are required to file reports under
24 section 15(d) of the Securities Exchange Act of 1934 (48
25 Stat. 881, 15 U.S.C. § 78o)

26 (vi) Records considered nonpublic matters or
27 information by the Securities and Exchange Commission as
28 provided by 17 CFR 200.80 (relating to commission records
29 and information).

30 (vii) Financial information deemed confidential by

1 the board upon a showing of good cause by the applicant
2 for a fantasy contest license or licensed operator.

3 (2) No claim of confidentiality may be made regarding
4 any criminal history record information that is available to
5 the public under 18 Pa.C.S. § 9121(b) (relating to general
6 regulations).

7 (3) No claim of confidentiality shall be made regarding
8 any record in possession of the board that is otherwise
9 publicly available from a Commonwealth agency, local agency
10 or another jurisdiction.

11 (4) The information made confidential under this section
12 shall be withheld from public disclosure, in whole or in
13 part, except that any confidential information shall be
14 released upon the order of a court of competent jurisdiction
15 or, with the approval of the Attorney General, to a duly
16 authorized law enforcement agency or shall be released to the
17 public, in whole or in part, to the extent that such release
18 is requested by an applicant for a fantasy contest license or
19 licensed operator and does not otherwise contain confidential
20 information about another person.

21 (5) The board may seek a voluntary waiver of
22 confidentiality from an applicant for a fantasy contest
23 license or a licensed operator, but may not require an
24 applicant or licensed operator to waive any confidentiality
25 provided for in this subsection as a condition for the
26 approval of an application, renewal of a fantasy contest
27 license or any other action of the board.

28 (e) Notice.--Notice of the contents of any information,
29 except to a duly authorized law enforcement agency under this
30 section, shall be given to an applicant or licensee in a manner

1 prescribed by the rules and regulations adopted by the board.

2 (f) Information held by department.--Files, records, reports
3 and other information in the possession of the department
4 pertaining to licensed operators shall be made available to the
5 board as may be necessary for the effective administration of
6 this act.

7 Section 305. Reports of board.

8 (a) General rule.--No later than 12 months after the
9 effective date of this section and every year thereafter, the
10 annual report submitted by the board under 4 Pa.C.S. § 1211
11 (relating to reports of board) shall include the following
12 information on the conduct of fantasy contests:

13 (1) Total fantasy contest adjusted revenues.

14 (2) All taxes, fees, fines and other revenue collected
15 from licensed operators during the previous year. The
16 department shall collaborate with the board to carry out the
17 requirements of this section.

18 (3) At the board's discretion, any other information
19 related to the conduct of fantasy contests or licensed
20 operators.

21 (b) Licensed operators.--The board may require licensed
22 operators to provide information to the board to assist in the
23 preparation of the report.

24 CHAPTER 5

25 LICENSURE

26 Section 501. General prohibition.

27 (a) General rule.--Except as provided for in subsection (b),
28 no person may offer or otherwise make available for play in this
29 Commonwealth a fantasy contest without a fantasy contest license
30 issued by the board.

1 (b) Existing activity.--A person who applies for or renews a
2 fantasy contest license in accordance with this act may operate
3 during the application or renewal period unless:

4 (1) The board has reasonable cause to believe the person
5 is or may be in violation of the provisions of this act.

6 (2) The board requires the person to suspend the
7 operation of any fantasy contest until the license is issued
8 or renewed.

9 Section 502. Application.

10 (a) Form and information.--An application for a fantasy
11 contest license shall be submitted on a form and in manner as
12 shall be required by the board. An application for a fantasy
13 contest license shall contain the following information:

14 (1) The name, Federal employer identification number and
15 principal address of the applicant; if a corporation, the
16 state of its incorporation, the full name and address of each
17 officer and director thereof, and, if a foreign corporation,
18 whether it is qualified to do business in this Commonwealth;
19 if a partnership or joint venture, the name and address of
20 each officer thereof.

21 (2) The name and address of the person having custody of
22 the applicant's financial records.

23 (3) The names and addresses of key employees.

24 (4) The names and addresses of each of the applicant's
25 principals.

26 (5) Information, documentation and assurances related to
27 financial and criminal history as the board deems necessary
28 to establish by clear and convincing evidence the financial
29 stability, integrity and responsibility of the applicant and
30 the applicant's key employees and principals.

1 (6) Information and documentation necessary to establish
2 the applicant's ability to comply with section 505.

3 (7) Any other information required by the board.

4 (b) Nonrefundable application fee.--Each application
5 submitted under this act shall be accompanied by a nonrefundable
6 application fee, which shall be established by the board, and
7 shall be retained by the board to reimburse the board for all
8 costs incurred by the board for fulfilling the requirements of
9 this section and section 503.

10 (c) Additional information.--A person applying for a fantasy
11 contest license shall have the continuing duty to provide
12 information required by the board and to cooperate in any
13 inquiry or investigation.

14 (d) Abbreviated application process.--The board, at its
15 discretion, may establish an abbreviated application process for
16 a fantasy contest license for persons that are also licensed
17 gaming entities. The abbreviated application may only require
18 information not in possession of the board that is necessary to
19 fulfill the requirements of this act.

20 Section 503. Issuance and denial of license.

21 (a) Duty to review applications.--The board shall review all
22 applications for a fantasy contest license and shall issue a
23 fantasy contest license to any applicant that:

24 (1) Has submitted a completed application and paid the
25 nonrefundable application fee as required by the board under
26 section 502.

27 (2) Has demonstrated by clear and convincing evidence
28 that the applicant has the financial stability, integrity and
29 responsibility to comply with the provisions of this act and
30 regulations established by the board.

1 (3) Has not been denied a fantasy contest license under
2 subsection (b).

3 (b) Reasons to deny applications.--The board shall deny an
4 application for a fantasy contest license if the applicant:

5 (1) has knowingly made a false statement of material
6 fact or has deliberately failed to disclose any information
7 requested;

8 (2) has been convicted of a felony, a crime of moral
9 turpitude or any criminal offense involving dishonesty or
10 breach of trust within 10 years prior to the date of the
11 application for license;

12 (3) has at any time knowingly failed to comply with the
13 provisions of this act or of any requirements of the board;

14 (4) has had a registration, permit or license to conduct
15 fantasy contests denied for just cause, suspended or revoked
16 in any other jurisdiction;

17 (5) has legally defaulted in the payment of any
18 obligation or debt due to the Commonwealth or is not
19 compliant with taxes due to the department; or

20 (6) is not qualified to do business in this Commonwealth
21 or is not subject to the jurisdiction of the courts of the
22 Commonwealth.

23 (c) Time period for review.--The board shall conclude its
24 review of an application for a fantasy contest license within 60
25 days of receipt of the application. If the license is not
26 issued, the board shall provide the applicant with the
27 justification for not issuing such license with specificity.

28 (d) License fee.--

29 (1) Within 30 days of the board issuing a fantasy
30 contest license, an applicant shall pay to the board a

1 license fee of \$50,000 or an amount equivalent to 7.5% of the
2 applicant's fantasy contest adjusted revenues, whichever is
3 less, except that an applicant who is also a licensed gaming
4 entity shall pay to the board a license fee of \$50,000.

5 (2) The license fee collected under this subsection
6 shall be deposited into the General Fund.

7 (3) If an applicant fails to pay the fee required by
8 this subsection, the board shall suspend or revoke the
9 applicant's fantasy contest license until payment of the
10 license fee is received.

11 (e) Abbreviated approval process.--The board, at its
12 discretion, may establish an abbreviated approval process for
13 the issuance of a fantasy contest license to a licensed gaming
14 entity whose slot machine license and table game certificate are
15 in good standing.

16 Section 504. License renewal.

17 (a) Renewal.--

18 (1) A fantasy contest license issued under this act
19 shall be renewed on an annual basis.

20 (2) Nothing in this paragraph shall be construed to
21 relieve a licensed operator of the affirmative duty to notify
22 the board of any changes relating to the status of its
23 fantasy contest license or to any other information contained
24 in the application materials on file with the board.

25 (3) The application for renewal of a fantasy contest
26 license must be submitted at least 60 days prior to the
27 expiration of the license and include an update of the
28 information contained in the initial application for a
29 fantasy contest license. A fantasy contest license for which
30 a completed renewal application and fee as required under

1 subsection (c) has been received by the board shall continue
2 in effect unless and until the board sends written
3 notification to the licensed operator that the board has
4 denied the renewal of the license.

5 (b) Revocation or failure to renew.--

6 (1) In addition to any other sanction the board may
7 impose under this act, the board may at its discretion
8 suspend, revoke or deny renewal of a fantasy contest license
9 issued under this act if it receives information from any
10 source that:

11 (i) the applicant or any of the applicant's key
12 employees or principals are in violation of any provision
13 of this act;

14 (ii) the applicant has furnished the board with
15 false or misleading information;

16 (iii) the information contained in the applicant's
17 initial application or any renewal application is no
18 longer true and correct;

19 (iv) the applicant has failed to remit taxes or
20 assessments required under section 701, 702 or 703; or

21 (v) the applicant has legally defaulted in the
22 payment of any obligation or debt due to the
23 Commonwealth.

24 (2) In the event of a revocation or failure to renew,
25 the applicant's authorization to conduct the previously
26 approved fantasy contests shall immediately cease and all
27 fees paid in connection with the application shall be deemed
28 to be forfeited.

29 (3) In the event of a suspension, the applicant's
30 authorization to conduct fantasy contests shall immediately

1 cease until the board has notified the applicant that the
2 suspension is no longer in effect.

3 (c) Renewal fee.--

4 (1) Within 30 days of the board renewing a fantasy
5 contest license, the licensed operator shall pay to the board
6 a renewal fee of \$5,000.

7 (2) The renewal fee collected by the board under this
8 subsection shall be deposited into the General Fund.

9 (3) If a licensed operator fails to pay the renewal fee
10 required under this subsection, the board shall suspend or
11 revoke the licensed operator's fantasy contest license until
12 payment of the renewal fee is received.

13 Section 505. Conditions of licensure.

14 As a condition of licensure, a licensed operator shall
15 establish and implement the following procedures related to
16 conduct of fantasy contests in this Commonwealth:

17 (1) Permit only participants who have established a
18 fantasy contest account with the licensed operator to
19 participate in a fantasy contest conducted by the licensed
20 operator.

21 (2) Verify the age, location and identity of any
22 participant prior to establishing a fantasy contest account
23 for a participant located in this Commonwealth. No
24 participant under 18 years of age may be permitted to
25 establish a fantasy contest account with a licensed operator.

26 (3) Verify the identity and location of a participant
27 prior to permitting access to a fantasy contest account.

28 (4) Ensure rules established by the licensed operator
29 for a fantasy contest are made known to a participant prior
30 to the acceptance of any entry fee.

1 (5) Ensure that a player who is the subject of a fantasy
2 contest is restricted from entering as a participant in a
3 fantasy contest that is determined, in whole or part, on the
4 accumulated statistical results of a team of individuals on
5 which the player is a member.

6 (6) Allow a participant to restrict himself from
7 entering a fantasy contest or accessing a fantasy contest
8 account for a specific period of time as determined by the
9 participant and implement reasonable procedures to prevent
10 the individual from participating in the licensed operator's
11 fantasy contests.

12 (7) Allow a participant to restrict the total amount of
13 entry fees that the participant may pay to the licensed
14 operator for a specific time period established by the
15 participant and implement reasonable procedures to prevent
16 the participant from exceeding the limit.

17 (8) Conspicuously post compulsive and problem play
18 notices at fantasy contest registration points and designate
19 and train classes of employees that shall be responsible for
20 providing a toll-free telephone number to participants who
21 have expressed to the licensed operator issues with
22 compulsive and problem play of fantasy contests. The toll-
23 free telephone number and the compulsive and problem play
24 notice shall be approved by the board, in consultation with
25 the Department of Drug and Alcohol Programs.

26 (9) Disclose the number of entries a single participant
27 may submit to each fantasy contest and take reasonable steps
28 to prevent such participants from submitting more than the
29 allowable number.

30 (10) Prevent the licensed operator's employees and

1 relatives living in the same household of an employee from
2 competing in a fantasy contest offered by the licensed
3 operator to the general public and in which fantasy contest
4 the licensed operator offers a prize or award.

5 (11) Identify classes of employees who, by the nature of
6 their duties and employment responsibilities, could provide
7 information that would create an unfair advantage to a
8 participant in a fantasy contest conducted by another
9 licensed operator and implement reasonable procedures to
10 prevent such classes of employees and their relatives living
11 in the same household from participating in a fantasy contest
12 for a prize or award operated by another licensed operator.

13 (12) Prevent the sharing of confidential information
14 that could affect fantasy contest play with third parties
15 until the information is made publicly available.

16 (13) Maintain the confidentiality of a participant's
17 personal and financial information.

18 (14) Segregate participant funds from operational funds
19 in separate accounts and maintain a reserve in the form of
20 cash, cash equivalents, security deposits held by banks and
21 processors, irrevocable letter of credit, bond or a
22 combination thereof in an amount sufficient to pay all prizes
23 and awards offered to winning participants.

24 (15) Provide winning in-State participants with
25 information and documentation necessary to ensure the proper
26 reporting of winnings by in-State participants to the
27 department.

28 (16) Remit taxes or assessments to the department in
29 accordance with sections 701, 702 and 703.

30 Section 506. Prohibitions.

1 No licensed operator may:

2 (1) accept an entry fee from or permit a natural person
3 under 18 years of age to become a participant in a fantasy
4 contest;

5 (2) offer a fantasy contest based, in whole or in part,
6 on collegiate athletic events or collegiate players;

7 (3) permit a participant to enter a fantasy contest
8 prior to establishing a fantasy contest account;

9 (4) establish a fantasy contest account for a person who
10 is not an individual;

11 (5) alter rules established for a fantasy contest after
12 a participant has entered the fantasy contest;

13 (6) issue a loan to a participant for any purpose;

14 (7) directly market to a participant during the time
15 period in which the participant has self-excluded from the
16 licensed operators' fantasy contests;

17 (8) knowingly permit a participant to enter the licensed
18 operator's fantasy contests during the time period in which
19 the participant has self-excluded from the licensed
20 operators' fantasy contests;

21 (9) knowingly accept an entry fee in excess of a limit
22 established by a participant for the specific time period
23 established by the participant;

24 (10) share confidential information that could affect
25 fantasy contest play with third parties until the information
26 is made publicly available;

27 (11) knowingly permit an employee or relative living in
28 the same household of an employee to become a participant in
29 a fantasy contest offered by the licensed operator in which a
30 licensed operator offers a prize or award;

1 (12) knowingly permit certain classes of employees from
2 becoming participants in a fantasy contest for a prize or
3 award offered by another licensed operator if becoming
4 participants would create an unfair advantage;

5 (13) offer a fantasy contest where:

6 (i) the value of all prizes or awards offered to
7 winning participants is not established and made known to
8 participants in advance of the fantasy contest;

9 (ii) winning outcomes do not reflect the relative
10 knowledge and skill of participants;

11 (iii) the winning outcome is based on the score,
12 point spread or performance of a single actual team or
13 combination of teams or solely on a single performance of
14 an individual athlete or player in a single actual event;
15 or

16 (iv) the winning outcome is not based on statistical
17 results accumulated from fully completed athletic sports
18 contests or events, except that participants may be
19 credited for statistical results accumulated in a
20 suspended or shortened sports event which has been
21 partially completed on account of weather or other
22 natural or unforeseen event;

23 (14) except as permitted under section 902, offer or
24 make available in this Commonwealth a fantasy contest
25 terminal; and

26 (15) fail to remit taxes or assessments to the
27 department in accordance with sections 701, 702 and 703.

28 Section 507. Change in ownership or control of licensed
29 operators.

30 (a) Notification and approval.--

1 (1) A licensed operator shall notify the board upon
2 becoming aware of any proposed change of ownership of the
3 licensed operator by a person or group of persons acting in
4 concert which involves any of the following:

5 (i) More than 5% of a licensed operator's securities
6 or other ownership interests.

7 (ii) The sale other than in the ordinary course of
8 business of a licensed operator's assets.

9 (iii) Any other transaction or occurrence deemed by
10 the board to be relevant to fantasy contest license
11 qualifications.

12 (2) Notwithstanding the provisions of paragraph (1), a
13 licensed operator shall not be required to notify the board
14 of any acquisition by an institutional investor under
15 paragraph (1)(i) or (ii) if the institutional investor holds
16 less than 10% of the securities or other ownership interests
17 referred to in paragraph (1)(i) or (ii), the securities or
18 interests are publicly traded securities and its holdings of
19 such securities were purchased for investment purposes only
20 and the institutional investor files with the board a
21 certified statement to the effect that the institutional
22 investor has no intention of influencing or affecting,
23 directly or indirectly, the affairs of the licensed operator,
24 provided, however, that the institutional investor may vote
25 on matters put to the vote of the outstanding security
26 holders. Notice to the board shall be required prior to
27 completion of any proposed or contemplated change of
28 ownership of a licensed operator that meets the criteria of
29 this section.

30 (b) Qualification of purchaser and change of control.--

1 (1) A purchaser of the assets, other than in the
2 ordinary course of business, of a licensed operator shall
3 independently qualify for a fantasy contest license in
4 accordance with this act and shall pay the application fee
5 and license fee as required by sections 502 and 503.

6 (2) A change in control of any licensed operator shall
7 require that the licensed operator independently qualify for
8 a fantasy contest license in accordance with this act, and
9 the licensed operator shall pay a new application and license
10 fee as required by sections 502 and 503.

11 (c) Change in control defined.--For purposes of this
12 section, a change in control of a licensed operator shall mean
13 the acquisition by a person or group of persons acting in
14 concert of more than 20% of a licensed operator's securities or
15 other ownership interests, with the exception of any ownership
16 interest of the person that existed at the time of initial
17 licensing and payment of the initial fantasy contest license
18 fee, or more than 20% of the securities or other ownership
19 interests of a corporation or other form of business entity that
20 owns directly or indirectly at least 20% of the voting or other
21 securities or other ownership interests of the licensed
22 operator.

23 (d) License revocation.--Failure to comply with this section
24 may cause the fantasy contest license issued under this act to
25 be revoked or suspended by the board unless the purchase of the
26 assets or the change in control that meets the criteria of this
27 section has been independently qualified in advance by the board
28 and any required application or license fee has been paid.
29 Section 508. Penalties.

30 (a) Suspension or revocation of license.--

1 (1) After a public hearing with at least 15 days'
2 notice, the board may suspend or revoke a licensed operator's
3 fantasy contest license in any case where a violation of this
4 act has been shown by a preponderance of the evidence.

5 (2) The board may revoke a fantasy contest license if
6 the board finds that facts not known by the board at the time
7 the board considered the application indicate that such
8 license should not have been issued.

9 (b) Administrative penalties.--

10 (1) In addition to suspension or revocation of a fantasy
11 contest license, the board may impose administrative
12 penalties on a licensed operator for violations of this act
13 not to exceed \$5,000 for each violation.

14 (2) A violation of this act that is determined to be an
15 offense of a continuing nature shall be deemed to be a
16 separate offense on each event or day during which the
17 violation occurs.

18 (3) The licensed operator shall have the right to appeal
19 administrative penalties in accordance with 2 Pa.C.S. Chs. 5
20 Subch. A (relating to practice and procedure of Commonwealth
21 agencies) and 7 Subch. A (relating to judicial review of
22 Commonwealth agency action).

23 (4) Penalties imposed under this subsection shall be
24 deposited into the General Fund.

25 (c) Civil penalties.--

26 (1) In addition to the provisions of this section, a
27 person who knowingly violates a provision of this act shall
28 be liable for a civil penalty of not more than \$1,000 for
29 each such violation.

30 (2) The civil penalty shall be recovered in a civil

1 action brought by the board and shall be paid into the
2 General Fund.

3 CHAPTER 7

4 FISCAL PROVISIONS

5 Section 701. Fantasy contest tax.

6 (a) Imposition.--Each licensed operator shall report to the
7 department and pay from its quarterly fantasy contest adjusted
8 revenues, on a form and in the manner prescribed by the
9 department, a tax of 5% of its quarterly fantasy contest
10 adjusted revenues.

11 (b) Deposits and distributions.--

12 (1) The tax imposed under subsection (a) shall be
13 payable to the department on a quarterly basis and shall be
14 based upon quarterly fantasy contest adjusted revenue derived
15 during the previous quarter.

16 (2) All funds owed to the Commonwealth under this
17 section shall be held in trust for the Commonwealth by the
18 licensed operator until the funds are paid to the department.

19 (3) The tax imposed under subsection (a) shall be
20 deposited into the General Fund.

21 (c) Penalty.--

22 (1) A licensed operator who fails to timely remit to the
23 department amounts required under this section shall be
24 liable, in addition to any liability imposed elsewhere in
25 this act, to a penalty of 5% per month up to a maximum of 25%
26 of the amounts ultimately found to be due, to be recovered by
27 the department.

28 (2) Penalties imposed under this subsection shall be
29 deposited in the General Fund.

30 Section 702. Licensed operator deposits.

1 (a) Accounts established.--The State Treasurer shall
2 establish within the State Treasury an account for each licensed
3 operator for the deposit of sums required under subsection (b)
4 to:

5 (1) recover costs or expenses incurred by the board and
6 the department in carrying out their powers and duties under
7 this act based upon a budget submitted by the board and the
8 department under subsection (c); and

9 (2) repay any loans made by the General Fund to the
10 board in connection with carrying out its powers and duties
11 under this act.

12 (b) Deposits.--

13 (1) The department shall determine the appropriate
14 assessment amount for each licensed operator, which shall be
15 a percentage assessed on the licensed operator's fantasy
16 contest adjusted revenues. Each licensed operator shall
17 deposit funds into its account on a quarterly basis.

18 (2) The percentage assessed shall not exceed an amount
19 necessary to:

20 (i) recover costs or expenses incurred by the board
21 and the department in carrying out their powers and
22 duties under this act based on a budget submitted by the
23 board and the department under subsection (c); and

24 (ii) repay any loans made from the General Fund to
25 the board in connection with carrying out its powers and
26 duties under this act.

27 (c) Itemized budget reporting.--

28 (1) The board and the department shall jointly prepare
29 and annually submit to the chairman of the Appropriations
30 Committee of the Senate and the chairman of the

1 Appropriations Committee of the House of Representatives an
2 itemized budget consisting of amounts to be appropriated out
3 of the accounts established under this section necessary to
4 administer this act.

5 (2) As soon as practicable after submitting copies of
6 the itemized budget, the board and the department shall
7 jointly prepare and submit to the chairmen of the committees
8 analyses of and make recommendations regarding the itemized
9 budget.

10 (d) Appropriation.--Costs and expenses from accounts
11 established under subsection (a) shall only be disbursed upon
12 appropriation by the General Assembly.

13 (e) Penalty.--

14 (1) A licensed operator who fails to timely remit to the
15 department amounts required under this section shall be
16 liable, in addition to any liability imposed elsewhere in
17 this act, to a penalty of 5% per month up to a maximum of 25%
18 of the amounts ultimately found to be due, to be recovered by
19 the department.

20 (2) Penalties imposed under this subsection shall be
21 deposited into the General Fund.

22 Section 703. Responsibility and authority of department.

23 (a) General rule.--The department may administer and collect
24 taxes imposed under section 701 and interest imposed under
25 section 806 of the act of April 9, 1929 (P.L.343, No.176), known
26 as The Fiscal Code, and promulgate and enforce rules and
27 regulations to carry out its prescribed duties in accordance
28 with sections 701 and 702 and subsection (c), including the
29 collection of taxes, penalties, assessments and interest.

30 (b) Procedure.--For purposes of implementing sections 701

1 and 702 and subsection (c), the department may promulgate
2 regulations in the same manner in which the board is authorized
3 as provided in section 302.

4 (c) Automatic withholding.--Licensed operators shall
5 withhold and remit to the department any tax amount owed to the
6 department by a winning in-State participant under Article III
7 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
8 Reform Code of 1971, for prizes and awards greater than \$5,000.

9 CHAPTER 9

10 MISCELLANEOUS PROVISIONS

11 Section 901. Applicability of other statutes.

12 (a) Unlawful gambling.--The provisions of 18 Pa.C.S. § 5513
13 (relating to gambling devices, gambling, etc.) shall not apply
14 to a fantasy contest conducted in accordance with this act.

15 (b) Pool selling and bookmaking.--The provisions of 18
16 Pa.C.S. § 5514 (relating to pool selling and bookmaking) shall
17 not apply to a fantasy contest conducted in accordance with this
18 act.

19 (c) Lotteries.--The provisions of 18 Pa.C.S. § 5512
20 (relating to lotteries, etc.) shall not apply to a fantasy
21 contest conducted in accordance with this act.

22 Section 902. Licensed gaming entities.

23 (a) Scope.--This section shall apply to a licensed gaming
24 entity that holds a fantasy contest license.

25 (b) Applicability.--

26 (1) Nothing in this act shall be construed to limit the
27 board's general and sole regulatory authority over the
28 conduct of gaming or related activities under 4 Pa.C.S.

29 (relating to amusements), including, but not limited to, the
30 certification, registration and regulation of gaming service

1 providers and individuals and entities associated with them.

2 (2) A fantasy contest terminal shall not be considered a
3 "slot machine" or "table game" under 4 Pa.C.S. § 1103
4 (relating to definitions).

5 (c) Fantasy contest terminals.--

6 (1) A licensed gaming entity may petition the board, on
7 a form and in a manner as required by the board, to place and
8 operate fantasy contest terminals within the licensed gaming
9 entity's licensed facility.

10 (2) At its discretion, the board may approve the
11 placement and operation of fantasy contest terminals at a
12 location within the licensed facility, provided that fantasy
13 contest terminals shall not be placed on the gaming floor.

14 (d) Restricted contests.--A licensed gaming entity may offer
15 fantasy contests that are exclusive to participants who are at
16 least 21 years of age.

17 (e) Promotional play.--For a restricted contest under
18 subsection (d), a licensed gaming entity may offer slot machine
19 or table game promotional play to a participant who is at least
20 21 years of age as a prize or award or for participating in a
21 fantasy contest conducted by the licensed gaming entity.

22 (f) Gaming service providers.--A licensed operator who is
23 not a licensed gaming entity may, at the discretion of the
24 board, be certificated or registered as a gaming service
25 provider under 4 Pa.C.S. § 1317.2 (relating to gaming service
26 provider) in order to operate fantasy contests on behalf of a
27 licensed gaming entity.

28 Section 903. Funding.

29 (a) Appropriation.--The following amounts are appropriated:

30 (1) The sum of \$1,250,000 is appropriated to the board

1 for the fiscal period July 1, 2016, to June 30, 2017, for the
2 purpose of implementing and administering the provisions of
3 this act.

4 (2) The sum of \$500,000 is appropriated to the
5 department for the fiscal period July 1, 2016, to June 30,
6 2017, for the purpose of implementing and administering the
7 provisions of this act.

8 (b) Repayment.--The appropriations in this section shall be
9 considered loans from the General Fund and shall be repaid to
10 the General Fund quarterly through assessments on licensed
11 operators authorized under section 702. The total amounts
12 appropriated to the board and department under this section
13 shall be repaid to the General Fund no later than five years
14 from the date the board issues the first fantasy contest
15 license.

16 Section 904. Effective date.

17 This act shall take effect as follows:

18 (1) Section 903 shall take effect immediately.

19 (2) This section shall take effect immediately.

20 (3) The remainder of this act shall take effect in 180
21 days.