
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 665 Session of
2017

INTRODUCED BY RESCHENTHALER, WILLIAMS, SCARNATI, BARTOLOTTA AND
STEFANO, MAY 4, 2017

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
MAY 4, 2017

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

18 CHAPTER 1

19 GENERAL PROVISIONS

20 Section 101. Short title.

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

23 Section 102. Definitions.

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

27 "Board." The Pennsylvania Gaming Control Board.

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

1 "Controlling interest." Either of the following:

2 (1) For a publicly traded domestic or foreign
3 corporation, a controlling interest is an interest if a
4 person's sole voting rights under State law or corporate
5 articles or bylaws entitle the person to elect or appoint one
6 or more of the members of the board of directors or other
7 governing board or the ownership or beneficial holding of 5%
8 or more of the securities of the publicly traded corporation,
9 partnership, limited liability company or other form of
10 publicly traded legal entity, unless this presumption of
11 control or ability to elect is rebutted by clear and
12 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 securities of 15% or more in the legal
17 entity, unless this presumption of control is rebutted by
18 clear and 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 administered by a
25 licensed operator in which:

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

29 (2) All winning outcomes reflect the relative knowledge
30 and skill of participants and are determined by accumulated

1 statistical results of the performance of individuals,
2 including athletes in the case of sports events.

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

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

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

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

19 "Gaming floor." A portion of a licensed facility where slot
20 machines or table games have been installed for use or play.

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

23 "In-State participant." An individual who participates in a
24 fantasy contest conducted by a licensed operator and pays a fee
25 to a licensed operator from a location within this Commonwealth.

26 "In-State percentage." For each fantasy contest, the
27 percentage, rounded to the nearest tenth of a percent, equal to
28 the total entry fees collected from all in-State participants
29 divided by the total entry fees collected from all participants
30 in the fantasy contest.

1 "Key employee." An individual who is employed by an
2 applicant for a fantasy contest license or an individual who is
3 empowered to make discretionary decisions that regulate fantasy
4 contest operations as determined by the board.

5 "Licensed entity representative." As defined in 4 Pa.C.S. §
6 1103 (relating to definitions).

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

9 "Licensed operator." A person who holds a fantasy contest
10 license.

11 "Participant." An individual who participates in a fantasy
12 contest, whether the individual is located in this Commonwealth
13 or another jurisdiction.

14 "Person." A natural person, corporation, publicly traded
15 corporation, foundation, organization, business trust, estate,
16 limited liability company, licensed corporation, trust,
17 partnership, limited liability partnership, association or
18 another form of legal business entity.

19 "Principal." An officer, director, person who directly holds
20 a beneficial interest in or ownership of an amount equal to or
21 greater than 5% of all the securities of an applicant for a
22 fantasy contest license or a licensed operator, person who has a
23 controlling interest in an applicant for a fantasy contest
24 license or a licensed operator or who has the ability to elect a
25 majority of the board of directors of a licensed operator or to
26 otherwise control a licensed operator, lender or other licensed
27 financial institution of an applicant for a fantasy contest
28 license or a licensed operator, other than a bank or lending
29 institution which makes a loan or holds a mortgage or other lien
30 acquired in the ordinary course of business, underwriter of an

1 applicant for a fantasy contest license or a licensed operator
2 or other person or employee of an applicant for a fantasy
3 contest license or a licensed operator deemed to be a principal
4 by the board.

5 "Prize or award." Anything of value worth \$100 or more or
6 any amount of cash or cash equivalents.

7 "Publicly traded corporation." A person, other than an
8 individual, that:

9 (1) has a class or series of securities registered under
10 the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C.
11 § 78a et seq.);

12 (2) is a registered management company under the
13 Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. §
14 80a-1 et seq.); or

15 (3) is subject to the reporting obligations imposed by
16 section 15(d) of the Securities Exchange Act of 1934 by
17 reason of having filed a registration statement that has
18 become effective under the Securities Act of 1933 (48 Stat.
19 74, 15 U.S.C. § 77a et seq.).

20 "Script." A list of commands that a fantasy-contest-related
21 computer program can execute that is created by a participant or
22 third party not approved by the licensed operator to automate
23 processes on a licensed operator's fantasy contest platform.

24 "Season-long fantasy sports contest." A fantasy contest
25 offered by a licensed operator or a fantasy contest that is
26 conducted over an entire sports season where entry fees are paid
27 prior to the start of the season.

28 CHAPTER 3

29 ADMINISTRATION

30 Section 301. General and specific powers of board.

1 (a) General powers.--The board shall have regulatory
2 authority over licensed operators, principals and key employees
3 and shall ensure the integrity of fantasy contests offered in
4 this Commonwealth in accordance with this act.

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

7 (1) To issue, approve, renew, revoke, suspend, condition
8 or deny issuance of a single fantasy contest license to a
9 licensed operator.

10 (2) To suspend, condition or deny the issuance or
11 renewal of a license or levy fines for a violation of this
12 act.

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

18 (4) To prepare and, through the Governor, submit
19 annually to the General Assembly an itemized budget
20 consistent with Article VI of the act of April 9, 1929
21 (P.L.177, No.175), known as The Administrative Code of 1929,
22 consisting of the amounts necessary to be appropriated by the
23 General Assembly out of the accounts established under
24 section 702 required to meet the obligations under this act
25 accruing during the fiscal period beginning July 1 of the
26 following year.

27 (5) In the event that, in any year, appropriations for
28 the administration of this act are not enacted by June 30,
29 funds appropriated for the administration of this act which
30 are unexpended, uncommitted and unencumbered at the end of a

1 fiscal year shall remain available for expenditure by the
2 board until the enactment of appropriation for the ensuing
3 fiscal year.

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

10 (7) To administer oaths, examine witnesses and issue
11 subpoenas compelling the attendance of witnesses or the
12 production of documents and records or other evidence or to
13 designate officers or employees to perform duties required by
14 this act.

15 (8) To require key employees and principals of
16 prospective and existing applicants and licensees to submit
17 to fingerprinting by the Pennsylvania State Police. The
18 Pennsylvania State Police shall submit the fingerprints to
19 the Federal Bureau of Investigation for purposes of verifying
20 the identity of the individual and obtaining records of
21 criminal arrests and convictions.

22 (9) To require prospective and existing applicants and
23 licensees to submit photographs consistent with the standards
24 of the Commonwealth Photo Imaging Network.

25 (10) To delegate any of the board's responsibilities
26 under this act to the executive director of the board or
27 other designated staff.

28 (11) To require licensed operators and applicants for a
29 fantasy contest license to submit information or
30 documentation necessary to ensure the proper regulation of

1 fantasy contests in accordance with this act.

2 (12) To require licensed operators, except for a
3 licensed operator operating season-long fantasy contests that
4 generate less than \$250,000 in season-long fantasy contest
5 adjusted revenue, unless the board determines otherwise, to:

6 (i) annually contract with a certified public
7 accountant to conduct an independent audit in accordance
8 with standards adopted by the American Institute of
9 Certified Public Accountants to verify compliance with
10 the provisions of this act and board regulations;

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

14 (iii) annually submit to the board and department a
15 copy of the audit report required under subparagraph (i)
16 and submit to the board a copy of the report of the
17 testing laboratory required under subparagraph (ii).

18 (13) In conjunction with the Department of Drug and
19 Alcohol Programs, to develop a process by which licensed
20 operators provide participants with a single toll-free
21 telephone number that provides individuals with information
22 on how to access appropriate treatment services for
23 compulsive and problem play.

24 (14) To authorize licensed entity representatives who:

25 (i) Register with the board, in a manner prescribed
26 by the board. The registration shall include the name,
27 employer or firm, business address and business telephone
28 number of both the licensed entity representative and
29 licensed operator, applicant or other person being
30 represented.

1 (ii) Have an affirmative duty to update the licensed
2 entity representative's registration information on an
3 ongoing basis. Failure to update shall be punishable by
4 the board.

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

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

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

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

16 Section 302. Temporary regulations.

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

22 (1) Sections 201, 202 and 203 of the act of July 31,
23 1968 (P.L.769, No.240), referred to as the Commonwealth
24 Documents Law.

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

27 (b) Expiration.--Except for temporary regulations concerning
28 network connectivity, security and testing and compulsive and
29 problem play, the authority provided to the board to adopt
30 temporary regulations in subsection (a) shall expire no later

1 than two years following the effective date of this section.
2 Regulations adopted after this period shall be promulgated as
3 provided by law.

4 Section 303. Fantasy contest license appeals.

5 An applicant or a licensee may appeal a final order,
6 determination or decision of the board involving the approval,
7 issuance, denial, revocation or conditioning of a fantasy
8 contest license in accordance with 2 Pa.C.S. Chs. 5 Subch. A
9 (relating to practice and procedure of Commonwealth agencies)
10 and 7 Subch. A (relating to judicial review of Commonwealth
11 agency action).

12 Section 304. Board minutes and records.

13 (a) Applicant information.--

14 (1) The board shall maintain a list of all applicants
15 for a fantasy contest license. The list shall include a
16 record of all actions taken with respect to each applicant.
17 The list shall be open to public inspection during the normal
18 business hours of the board.

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

23 (b) Other files and records.--The board shall maintain other
24 files and records as the board may deem appropriate.

25 (c) Confidentiality of information.--

26 (1) The following information submitted by an applicant
27 for a fantasy contest license under section 502 or otherwise
28 obtained by the board as part of a background or other
29 investigation from a source shall be confidential and
30 withheld from public disclosure:

1 (i) All information relating to character, honesty
2 and integrity, including family, habits, reputation,
3 history of criminal activity, business activities,
4 financial affairs and business, professional and personal
5 associations.

6 (ii) Nonpublic personal information, including home
7 addresses, telephone numbers and other personal contact
8 information, Social Security numbers, educational
9 records, memberships, medical records, tax returns and
10 declarations, actual or proposed compensation, financial
11 account records, creditworthiness or financial condition
12 relating to an applicant.

13 (iii) Information relating to proprietary
14 information, trade secrets, patents or exclusive
15 licenses, architectural and engineering plans and
16 information relating to competitive marketing materials
17 and strategies that may include customer-identifying
18 information or customer prospects for services subject to
19 competition.

20 (iv) Information with respect to which there is a
21 reasonable possibility that public release or inspection
22 of the information would constitute an unwarranted
23 invasion into personal privacy of an individual as
24 determined by the board.

25 (v) Records of an applicant as required by
26 regulation.

27 (vi) Financial or security information deemed
28 confidential by the board upon a showing of good cause by
29 the applicant for a fantasy contest license or licensed
30 operator.

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

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

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

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

26 (d) Notice.--Notice of the contents of information, except
27 to a duly authorized law enforcement agency under this section,
28 shall be given to an applicant or licensee in a manner
29 prescribed by the rules and regulations adopted by the board.

30 (e) Information held by department.--Files, records, reports

1 and other information in the possession of the department
2 pertaining to licensed operators shall be made available to the
3 board as may be necessary for the effective administration of
4 this act.

5 Section 305. Reports of board.

6 (a) Annual report.--The board shall prepare an annual report
7 which includes the following:

8 (1) Total fantasy contest adjusted revenues.

9 (2) Other revenue collected from licensed operators
10 during the previous year. The department shall collaborate
11 with the board to carry out the requirements of this section.

12 (3) Other information related to the conduct of fantasy
13 contests or licensed operators.

14 (b) Licensed operators.--The board may require licensed
15 operators to provide information to the board to assist in the
16 preparation of the report.

17 CHAPTER 5

18 LICENSURE

19 Section 501. General prohibition.

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

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

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

29 (2) The board requires the person to suspend the
30 operation of a fantasy contest until the license is issued or

1 renewed.

2 Section 502. Application.

3 (a) Form and information.--An application for a license
4 shall be submitted on a form and in a manner as shall be
5 required by the board. The application shall contain the
6 following information:

7 (1) The name, Federal employer identification number and
8 principal address of the applicant. If the applicant is a
9 corporation, this paragraph requires the state of the
10 applicant's incorporation, the full name and address of each
11 officer and director. If the applicant is a foreign
12 corporation, this paragraph requires a statement of whether
13 or not the foreign corporation is qualified to do business in
14 this Commonwealth. If the applicant is a partnership or joint
15 venture, the name and address of each officer.

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

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

19 (4) The names and addresses of each of the applicant's
20 principals.

21 (5) Information, documentation and assurances related to
22 financial and Federal and State criminal history as the board
23 deems necessary to establish by clear and convincing evidence
24 the financial stability, integrity and responsibility of the
25 applicant and the applicant's key employees and principals.

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

28 (7) Fingerprints and photographs obtained from the
29 Pennsylvania State Police. The fingerprints shall be
30 submitted by the Pennsylvania State Police for a Federal

1 criminal check and results returned to the board.

2 (8) Other information required by the board.

3 (b) Nonrefundable application fee.--Each application
4 submitted under this act shall be accompanied by a nonrefundable
5 application fee, which shall be established by the board, and
6 which may not exceed the amount necessary to reimburse the board
7 for all costs incurred by the board for fulfilling the
8 requirements of this section and section 503.

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

13 (d) Abbreviated application process.--The board may
14 establish an abbreviated application process for a fantasy
15 contest license for persons that are also licensed to conduct
16 fantasy contests in another jurisdiction or a licensed gaming
17 entity that applies to obtain a fantasy contest license.
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 license and shall issue a license to an
23 applicant that:

24 (1) Has submitted a completed application and paid the
25 nonrefundable application fee.

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

30 (3) Has not been denied a license under subsection (b).

1 (b) Reasons to deny applications.--The board may deny an
2 application for a license if the applicant:

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

6 (2) employs a principal or key employee who has been
7 convicted of a felony, a crime of moral turpitude or a
8 criminal offense involving dishonesty or breach of trust
9 within 10 years prior to the date of the application for
10 license;

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

13 (4) has had a registration, permit or license to conduct
14 fantasy contests denied or revoked in another jurisdiction;

15 (5) has legally defaulted in the payment of an
16 obligation or debt due to the Commonwealth or is not
17 compliant with taxes due; or

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

21 (c) Time period for review.--The board shall conclude a
22 review of an application for a fantasy contest license within
23 120 days of receipt of the completed application. If the license
24 is not issued, the board shall provide the applicant with the
25 justification for not issuing the license with specificity.

26 (d) License fee.--

27 (1) Within 30 days of the board issuing a fantasy
28 contest license, an applicant shall pay to the board a
29 license fee of \$50,000 or, if the applicant conducted fantasy
30 contests in the previous calendar year in any jurisdiction,

1 an amount equivalent to 7.5% of the applicant's fantasy
2 contest adjusted revenues for the previous calendar year,
3 whichever is less.

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

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

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

14 Section 504. License renewal.

15 (a) Renewal.--

16 (1) A license issued under this act shall be valid for a
17 period of five years.

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

24 (3) The application for renewal of a fantasy contest
25 license must be submitted at least 90 days prior to the
26 expiration of the license and include an update of the
27 information contained in the initial application for a
28 fantasy contest license. A fantasy contest license for which
29 a completed renewal application and fee as required under
30 subsection (c) has been received by the board shall continue

1 in effect unless and until the board sends written
2 notification to the licensed operator that the board has
3 denied the renewal of the license.

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

5 (1) In addition to another sanction the board may impose
6 under this act, the board may suspend, revoke or deny renewal
7 of a fantasy contest license issued under this act if the
8 board receives information that:

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

12 (ii) the applicant has furnished the board with
13 false or misleading information;

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

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

19 (v) the applicant has legally defaulted in the
20 payment of an obligation or debt due to the Commonwealth.

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

25 (3) In the event of a suspension, the applicant's
26 authorization to conduct fantasy contests shall immediately
27 cease until the board has notified the applicant that the
28 suspension is no longer in effect.

29 (c) Renewal fee.--

30 (1) Within 30 days of the board renewing a fantasy

1 contest license, the licensed operator shall pay to the board
2 a renewal fee of \$5,000 or an amount equivalent to 7.5% of
3 the applicant's fantasy contest adjusted revenues, whichever
4 is less.

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

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

11 Section 505. Conditions of licensure.

12 As a condition of licensure, a licensed operator shall
13 establish and implement the following procedures related to
14 conduct of fantasy contests:

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

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

24 (3) Verify the identity of a participant by requiring
25 the participant to provide the licensed operator a unique
26 username and password prior to accessing a fantasy contest
27 account.

28 (4) Ensure rules and prizes and awards established by
29 the licensed operator for a fantasy contest are made known to
30 a participant prior to the acceptance of an 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 in part, on
4 the accumulated statistical results of a team of individuals
5 in the league in which the player is a member.

6 (6) Allow an individual 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 person to restrict the total amount of
13 deposits 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 provide a
19 single toll-free telephone number to participants who have
20 expressed to the licensed operator issues with compulsive and
21 problem play of fantasy contests. The toll-free telephone
22 number and the compulsive and problem play notice shall
23 satisfy the provisions under 4 Pa.C.S. § 1509(c)(1) (relating
24 to compulsive and problem gambling program).

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

29 (10) Prevent the licensed operator's principals,
30 employees and relatives living in the same household as a

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

5 (11) Prevent the sharing of confidential information
6 that could affect fantasy contest play with third parties
7 until the information is made publicly available.

8 (12) Take commercially reasonable steps to maintain the
9 confidentiality of a participant's personal and financial
10 information.

11 (13) Segregate participant funds from operational funds
12 in separate accounts and maintain a reserve in the form of
13 cash, cash equivalents, security deposits held by banks and
14 processors, an irrevocable letter of credit, payment
15 processor reserves and receivables, a bond or a combination
16 in an amount sufficient to pay all prizes and awards offered
17 to winning participants. To satisfy this paragraph, a
18 licensed operator that only offers season-long fantasy
19 contests which generate less than \$250,000 in season-long
20 fantasy contest adjusted revenue may contract with a third
21 party to hold prizes and awards in an escrow account until
22 after the season is concluded, when prizes and awards shall
23 be distributed.

24 (14) 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 (15) Remit taxes or assessments to the department in
29 accordance with sections 701, 702 and 703.

30 (16) Prohibit the use of scripts by participants and

1 implement technologies to prevent the use of scripts.

2 (17) Monitor fantasy contests for the use of scripts and
3 restrict players found to have used scripts from
4 participation in future fantasy contests.

5 (18) Establish another condition deemed appropriate by
6 the board.

7 Section 506. Prohibitions.

8 (a) Actions.--A licensed operator may not:

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

12 (2) offer a fantasy contest based, in whole or in part,
13 on collegiate or high school athletic events or players;

14 (3) permit a participant to enter a fantasy contest
15 prior to establishing a fantasy contest account;

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

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

20 (6) issue credit to a participant to establish or fund a
21 fantasy contest account;

22 (7) knowingly directly market to a self-excluded
23 individual during the time period in which the individual has
24 self-excluded from the licensed operator's fantasy contests;

25 (8) knowingly permit a self-excluded individual to enter
26 the licensed operator's fantasy contests during the time
27 period in which the individual has self-excluded from the
28 licensed operator's fantasy contests;

29 (9) knowingly allow a self-excluded individual to keep a
30 prize or award;

1 (10) knowingly accept a deposit in excess of a limit
2 established by a participant for the specific time period
3 established by the participant;

4 (11) share confidential information that could affect
5 fantasy contest play with third parties until the information
6 is made publicly available;

7 (12) knowingly permit a principal, an employee or a
8 relative living in the same household as a principal or an
9 employee to become a participant in a fantasy contest offered
10 by a licensed operator to the general public in which a
11 licensed operator offers a prize or award;

12 (13) offer a fantasy contest where:

13 (i) the minimum value of all prizes or awards
14 offered to winning participants is not established and
15 made known to participants in advance of the fantasy
16 contest;

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

19 (iii) the winning outcome is based on the score,
20 point spread or performance of a single actual team or
21 combination of teams or solely on a single performance of
22 an individual athlete or player in a single actual event;

23 or

24 (iv) the winning outcome is not based on statistical
25 results accumulated from fully completed athletic sports
26 contests or events, except that participants may be
27 credited for statistical results accumulated in a
28 suspended or shortened sports event which has been
29 partially completed on account of weather or other
30 natural or unforeseen event;

1 (14) fail to remit taxes or assessments to the
2 department in accordance with sections 701, 702 and 703;

3 (15) knowingly allow a participant to use a script
4 during a fantasy contest; or

5 (16) perform another action prohibited by the board.

6 (b) Deposit.--The licensed operator shall deposit the amount
7 of the prize or award under subsection (a)(9) in the General
8 Fund.

9 Section 507. Change in ownership or control of licensed
10 operators.

11 (a) Notification and approval.--

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

16 (i) More than 15% of a licensed operator's
17 securities or other ownership interests.

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

20 (iii) Another transaction or occurrence deemed by
21 the board to be relevant to fantasy contest license
22 qualifications.

23 (2) The following shall apply:

24 (i) Notwithstanding the provisions of paragraph (1)
25 and subject to subparagraph (ii), a licensed operator
26 shall not be required to notify the board of an
27 acquisition by an institutional investor under paragraph
28 (1)(i) or (ii) if the institutional investor holds less
29 than 10% of the securities or other ownership interests
30 under paragraph (1)(i) or (ii), the securities or

1 interests are publicly traded securities and the holdings
2 of the securities were purchased for investment purposes
3 only and the institutional investor files with the board
4 a certified statement to the effect that the
5 institutional investor has no intention of influencing or
6 affecting, directly or indirectly, the affairs of the
7 licensed operator.

8 (ii) The institutional investor may vote on matters
9 put to the vote of the outstanding security holders.
10 Notice to the board shall be required prior to completion
11 of a proposed or contemplated change of ownership of a
12 licensed operator that meets the criteria of this
13 section.

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

15 (1) A purchaser of the assets, other than in the
16 ordinary course of business, of a licensed operator shall
17 independently qualify for a fantasy contest license in
18 accordance with this act and shall pay the application fee
19 and license fee as required by sections 502 and 503, except
20 that if the purchaser of assets is another licensed operator,
21 the purchaser of assets shall not be required to requalify
22 for a fantasy contest license or pay another application fee
23 and license fee.

24 (2) A change in control of a licensed operator shall
25 require that the new entity independently qualify for a
26 fantasy contest license in accordance with this act, and
27 shall pay a new application and license fee as required by
28 sections 502 and 503, except that if the new entity is
29 another licensed operator, the new entity shall not be
30 required to requalify for a fantasy contest license or pay

1 another application fee and license fee.

2 (c) Change in control defined.--For purposes of this
3 section, a change in control of a licensed operator shall mean
4 the acquisition by a person or group of persons acting in
5 concert of:

6 (1) more than 20% of a licensed operator's securities
7 or other ownership interests, with the exception of ownership
8 interest of the person that existed at the time of initial
9 licensing and payment of the initial fantasy contest license
10 fee; or

11 (2) more than 20% of the securities or other ownership
12 interests of a corporation or other form of business entity
13 that owns directly or indirectly at least 20% of the voting
14 or other securities or other ownership interests of the
15 licensed operator.

16 (d) License revocation.--Failure to comply with this section
17 may cause the fantasy contest license issued under this act to
18 be revoked or suspended by the board unless the purchase of the
19 assets or the change in control that meets the criteria of this
20 section has been independently qualified in advance by the board
21 and a required application or license fee has been paid.

22 Section 508. Penalties.

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

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

28 (2) The board may revoke a fantasy contest license if
29 the board finds that facts not known by the board at the time
30 the board considered the application indicate that the

1 license should not have been issued.

2 (b) Administrative penalties.--

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

7 (2) A violation of this act that is determined to be an
8 offense of a continuing nature shall be deemed to be a
9 separate offense on each event or day during which the
10 violation occurs, except that the total administrative
11 penalty for an offense of a continuing nature may not exceed
12 \$25,000.

13 (3) The licensed operator shall have the right to appeal
14 administrative penalties in accordance with 2 Pa.C.S. Chs. 5
15 Subch. A (relating to practice and procedure of Commonwealth
16 agencies) and 7 Subch. A (relating to judicial review of
17 Commonwealth agency action).

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

20 (c) Civil penalties.--

21 (1) In addition to the provisions of this section, a
22 person who knowingly violates a provision of this act shall
23 be liable for a civil penalty of not more than \$1,000 for
24 each violation.

25 (2) The civil penalty shall be recovered in a civil
26 action brought by the board and shall be paid into the
27 General Fund.

28 CHAPTER 7

29 FISCAL PROVISIONS

30 Section 701. Fantasy contest tax.

1 (a) Imposition.--Each licensed operator shall report to the
2 department and pay from the licensed operator's quarterly
3 fantasy contest adjusted revenues, on a form and in the manner
4 prescribed by the department, a tax of 12% of quarterly fantasy
5 contest adjusted revenues.

6 (b) Deposits and distributions.--

7 (1) The tax imposed under subsection (a) shall be
8 payable to the department on a quarterly basis and shall be
9 based upon quarterly fantasy contest adjusted revenue derived
10 during the previous quarter.

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

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

16 (c) Penalty.--

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

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

25 Section 702. Licensed operator deposits.

26 (a) Accounts established.--The State Treasurer shall
27 establish within the Treasury Department an account for each
28 licensed operator for the deposit of sums required under
29 subsection (b) to:

30 (1) recover costs or expenses incurred by the board and

1 the department in carrying out the powers and duties under
2 this act based upon a budget submitted by the board and the
3 department under subsection (c); and

4 (2) repay loans made by the General Fund to the board or
5 the department in connection with carrying out the powers and
6 duties under this act.

7 (b) Deposits.--

8 (1) The department shall determine the appropriate
9 assessment amount for each licensed operator, which shall be
10 a percentage assessed on the licensed operator's fantasy
11 contest adjusted revenues. Each licensed operator shall
12 deposit funds into the licensed operator's account on a
13 quarterly basis.

14 (2) The percentage assessed shall not exceed an amount
15 necessary to:

16 (i) recover costs or expenses incurred by the board
17 and the department in carrying out the powers and duties
18 under this act based on a budget submitted by the board
19 and the department under subsection (c); and

20 (ii) repay loans made from the General Fund to the
21 board in connection with carrying out the powers and
22 duties under this act.

23 (c) Itemized budget reporting.--

24 (1) The board and the department shall prepare an
25 itemized budget consisting of amounts to be appropriated out
26 of the accounts established under this section necessary to
27 administer this act and annually submit that budget to the
28 chairperson of the Appropriations Committee of the Senate and
29 the chairperson of the Appropriations Committee of the House
30 of Representatives.

1 (2) As soon as practicable after submitting copies of
2 the itemized budget, the board and the department shall
3 jointly prepare analyses of and make recommendations
4 regarding the itemized budget and submit the analyses to the
5 chairperson of the Appropriations Committee of the Senate and
6 the chairperson of the Appropriations Committee of the House
7 of Representatives.

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

11 (e) Penalty.--

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

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

20 Section 703. Responsibility and authority of department.

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

28 (b) Procedure.--The department may promulgate regulations in
29 the same manner in which the board is authorized under section
30 302.

1 CHAPTER 9

2 MISCELLANEOUS PROVISIONS

3 Section 901. Applicability of other statutes.

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

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

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

14 (d) State Lottery Law.--This act shall not apply to a
15 fantasy contest or similar game or contest authorized under the
16 act of August 26, 1971 (P.L.351, No.91), known as the State
17 Lottery Law, and authorized solely by the department and the
18 Division of the State Lottery.

19 Section 902. Licensed gaming entities.

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

22 (b) Applicability.--Nothing in this act shall be construed
23 to limit the board's general and sole regulatory authority over
24 the conduct of gaming or related activities under 4 Pa.C.S.
25 (relating to amusements), including, but not limited to, the
26 certification, registration and regulation of gaming service
27 providers and individuals and entities associated with them.

28 (c) Restricted contests.--A licensed gaming entity may offer
29 fantasy contests that are exclusive to participants who are at
30 least 21 years of age.

1 (d) Promotional play.--For a restricted contest under
2 subsection (c), a licensed gaming entity may offer slot machine
3 or table game promotional play to a participant who is at least
4 21 years of age as a prize or award or for participating in a
5 fantasy contest conducted by the licensed gaming entity.

6 (e) Gaming service providers.--A licensed operator who is
7 not a licensed gaming entity may, at the discretion of the
8 board, be certificated or registered as a gaming service
9 provider under 4 Pa.C.S. § 1317.2 (relating to gaming service
10 provider) in order to operate fantasy contests subject to the
11 restrictions of subsection (d) on behalf of a licensed gaming
12 entity.

13 Section 903. Funding.

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

15 (1) The sum of \$1,250,000 is appropriated to the board
16 for the fiscal period July 1, 2017, to June 30, 2018, for the
17 purpose of implementing and administering the provisions of
18 this act.

19 (2) The sum of \$500,000 is appropriated to the
20 department for the fiscal period July 1, 2017, to June 30,
21 2018, for the purpose of implementing and administering the
22 provisions of this act.

23 (b) Repayment.--The appropriations in this section shall be
24 considered loans from the General Fund and shall be repaid to
25 the General Fund quarterly through assessments on licensed
26 operators authorized under section 702 by the department. The
27 total amounts appropriated to the board and department under
28 this section shall be repaid to the General Fund no later than
29 10 years from the date the board issues the first fantasy
30 contest license.

1 (c) Unused amounts.--On July 1, 2018, a portion of amounts
2 appropriated under subsection (a) that is unexpended,
3 unencumbered or uncommitted as of June 30 of the prior fiscal
4 year shall automatically be transferred to the General Fund.

5 Section 904. Effective date.

6 This act shall take effect as follows:

7 (1) Section 903 shall take effect immediately.

8 (2) This section shall take effect immediately.

9 (3) The remainder of this act shall take effect in 180
10 days.