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I N S E N A T E

February 23, 2016

Introduced by Sens. BONACIC, AVELLA, RANZENHOFER -- read twice and ordered printed, and when printed to be committed to the Committee on Racing, Gaming and Wagering -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the racing, pari-mutuel wagering and breeding law, in relation to interactive fantasy sports

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The racing, pari-mutuel wagering and breeding law is
2 amended by adding a new article 15 to read as follows:

3 ARTICLE 15

4 INTERACTIVE FANTASY SPORTS

5 SECTION 1500. LEGISLATIVE FINDINGS AND PURPOSE.

6 1501. DEFINITIONS.

7 1502. REGISTRATION.

8 1503. REQUIRED SAFEGUARDS/MINIMUM STANDARDS.

9 1504. SCOPE OF REGISTRATION REVIEW.

10 1505. STATE TAX.

11 S 1500. LEGISLATIVE FINDINGS AND PURPOSE. THE LEGISLATURE HEREBY FINDS
12 AND DECLARES THAT:

13 1. UNDER THE NEW YORK PENAL LAW A PERSON ENGAGES IN GAMBLING WHEN HE
14 OR SHE STAKES OR RISKS SOMETHING OF VALUE UPON THE OUTCOME OF A CONTEST
15 OF CHANCE OR A FUTURE CONTINGENT EVENT NOT UNDER HIS OR HER CONTROL OR
16 INFLUENCE, UPON AN AGREEMENT OR UNDERSTANDING THAT HE OR SHE WILL
17 RECEIVE SOMETHING OF VALUE IN THE EVENT OF A CERTAIN OUTCOME;

18 2. INTERACTIVE FANTASY SPORTS IN MANY INSTANCES HAVE BEEN DEFINED AS A
19 GAME OF SKILL AND WERE EXEMPTED FROM THE DEFINITION OF UNLAWFUL INTERNET
20 GAMBLING UNDER THE UNLAWFUL INTERNET GAMBLING ENFORCEMENT ACT OF 2006
21 (31 U.S.C. S 5362);

22 3. INTERACTIVE FANTASY SPORTS CONSIST OF FANTASY OR SIMULATION SPORTS
23 GAMES OR EDUCATIONAL GAMES OR CONTESTS IN WHICH THE FANTASY OR SIMU-
24 LATION SPORTS TEAMS ARE SELECTED BASED UPON THE SKILL AND KNOWLEDGE OF
25 THE PARTICIPANTS AND NOT BASED ON THE CURRENT MEMBERSHIP OF AN ACTUAL
26 TEAM THAT IS A MEMBER OF AN AMATEUR OR PROFESSIONAL SPORTS ORGANIZATION.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

LBD14229-03-6

AS GAMES OF SKILL, INTERACTIVE FANTASY SPORTS CONTESTS DO NOT FALL UNDER THE DEFINITION OF GAMBLING AS PROHIBITED BY THE PENAL LAW; AND

4. THE LEGISLATURE FURTHER FINDS THAT AS THE INTERNET HAS BECOME AN INTEGRAL PART OF SOCIETY, AND INTERACTIVE FANTASY SPORTS A MAJOR FORM OF ENTERTAINMENT FOR MANY CONSUMERS, ANY INTERACTIVE FANTASY SPORTS ENFORCEMENT AND REGULATORY STRUCTURE MUST BEGIN FROM THE BEDROCK PREMISE THAT PARTICIPATION IN A LAWFUL AND LICENSED INTERACTIVE FANTASY SPORTS INDUSTRY IS A PRIVILEGE AND NOT A RIGHT, AND THAT REGULATORY OVERSIGHT IS INTENDED TO SAFEGUARD THE INTEGRITY OF THE GAMES AND PARTICIPANTS AND TO ENSURE ACCOUNTABILITY AND THE PUBLIC TRUST.

S 1501. DEFINITIONS. AS USED IN THIS ARTICLE THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

1. "COLLEGIATE SPORT OR ATHLETIC EVENT" MEANS A SPORT OR ATHLETIC EVENT OFFERED OR SPONSORED BY OR PLAYED IN CONNECTION WITH A PUBLIC OR PRIVATE INSTITUTION THAT OFFERS EDUCATION SERVICES BEYOND THE SECONDARY LEVEL.

2. "COMMISSION" MEANS THE NEW YORK STATE GAMING COMMISSION.

3. "ENTRY FEE" MEANS CASH OR CASH EQUIVALENT THAT IS REQUIRED TO BE PAID BY A FANTASY CONTEST PLAYER TO A REGISTRANT TO PARTICIPATE IN A FANTASY CONTEST.

4. "HORSE RACING EVENT" MEANS ANY ATHLETIC OR SPORTING EVENT CONDUCTED IN NEW YORK STATE SUBJECT TO THE PROVISIONS OF THIS CHAPTER, OR ANY ATHLETIC OR SPORTING EVENT CONDUCTED OUTSIDE OF NEW YORK STATE, WHICH IF CONDUCTED IN NEW YORK STATE WOULD BE SUBJECT TO THE PROVISIONS OF THIS CHAPTER.

5. "INTERACTIVE FANTASY SPORTS" MEANS ANY FANTASY OR SIMULATED GAME OR CONTEST WITH AN ENTRY FEE, IN WHICH:

(A) THE VALUE OF ALL PRIZES AND AWARDS OFFERED TO WINNING PARTICIPANTS ARE ESTABLISHED AND MADE KNOWN TO THE PARTICIPANTS IN ADVANCE OF THE CONTEST AND SUCH VALUE IS NOT DETERMINED BY THE NUMBER OF PARTICIPANTS OR THE AMOUNT OF ANY FEES PAID BY THOSE PARTICIPANTS;

(B) ALL WINNING OUTCOMES REFLECT THE RELATIVE KNOWLEDGE AND SKILL OF THE PARTICIPANTS AND SHALL BE DETERMINED PREDOMINANTLY BY ACCUMULATED STATISTICAL RESULTS OF THE PERFORMANCE OF INDIVIDUALS, INCLUDING ATHLETES IN THE CASE OF SPORTS EVENTS; AND

(C) NO WINNING OUTCOME IS BASED ON THE SCORE, POINT SPREAD, OR ANY PERFORMANCE OR PERFORMANCES OF ANY SINGLE ACTUAL TEAM OR COMBINATION OF SUCH TEAMS OR SOLELY ON ANY SINGLE PERFORMANCE OF AN INDIVIDUAL ATHLETE OR PLAYER IN ANY SINGLE ACTUAL EVENT.

NO INTERACTIVE FANTASY SPORTS GAME OR CONTEST SHALL BE OFFERED INVOLVING FANTASY OR SIMULATION SPORTS TEAMS BASED UPON A PROHIBITED SPORTS EVENT.

6. "INTERACTIVE FANTASY SPORTS GROSS REVENUE" MEANS THE TOTAL OF ALL ENTRY FEES PAID TO A REGISTRANT FROM INTERACTIVE FANTASY SPORTS INVOLVING AUTHORIZED PARTICIPANTS, LESS ONLY THE TOTAL OF ALL CASH, CASH EQUIVALENTS, AND PROMOTIONAL FANTASY SPORTS CREDITS PAID OUT TO PATRONS.

7. "INTERACTIVE FANTASY SPORTS PLATFORM" MEANS THE COMBINATION OF HARDWARE, SOFTWARE AND DATA NETWORKS USED TO MANAGE, ADMINISTER OR CONTROL ENTRY FEES ON INTERACTIVE FANTASY SPORTS OR THE CONTESTS WITH WHICH THOSE ENTRY FEES ARE ASSOCIATED.

8. "INTERNET" MEANS A COMPUTER NETWORK OF INTEROPERABLE PACKET-SWITCHED DATA NETWORKS.

9. "REGISTRANT" MEANS A PERSON WHO IS REGISTERED BY THE COMMISSION TO OFFER INTERACTIVE FANTASY SPORTS, USING AN INTERACTIVE FANTASY SPORTS PLATFORM TO AUTHORIZED PARTICIPANTS. A REGISTRANT MAY UTILIZE MULTIPLE INTERACTIVE FANTASY SPORTS PLATFORMS PROVIDED THAT PLATFORMS USED SOLELY

1 TO PROVIDE DAILY INTERACTIVE FANTASY SPORTS CONTESTS FOR AN ENTRY FEE
2 ARE APPROVED BY THE COMMISSION.

3 10. "NONCOMMERCIAL CONTEST OPERATOR" MEANS A PERSON OR ENTITY WHO
4 ORGANIZES AND CONDUCTS AN INTERACTIVE FANTASY SPORTS CONTEST, OR WHO
5 MAKES AVAILABLE AN INTERACTIVE FANTASY SPORTS PLATFORM, WHEREBY CONTEST
6 PARTICIPANTS MAY BE CHARGED ENTRY FEES FOR THE RIGHT TO PARTICIPATE
7 THEREIN AND THE ENTRY FEES ARE COLLECTED, MAINTAINED AND DISTRIBUTED BY
8 THE SAME PERSON OR ENTITY, PROVIDED ALL ENTRY FEES ARE RETURNED TO THE
9 PLAYERS IN THE FORM OF PRIZES OR OTHER EQUIVALENT.

10 11. "PROHIBITED PARTICIPANTS" MEANS: EMPLOYEES OF INTERACTIVE FANTASY
11 SPORTS REGISTRANTS; OR INDIVIDUALS WHO HAVE ACCESS TO NON-PUBLIC CONFIDENTIAL
12 INFORMATION ABOUT INTERACTIVE FANTASY SPORTS CONTESTS; OR ANY
13 PROFESSIONAL OR AMATEUR ATHLETE WHOSE PERFORMANCE MAY BE USED TO DETERMINE
14 THE OUTCOME OF A FANTASY SPORTS CONTEST; OR ANY SPORTS AGENT, TEAM
15 EMPLOYEE, REFEREE, OR LEAGUE OFFICIAL ASSOCIATED WITH ANY SPORT UTILIZED
16 FOR INTERACTIVE FANTASY SPORTS CONTESTS; OR INDIVIDUALS IN STATES WHERE
17 THE CONDUCT OF INTERACTIVE FANTASY SPORTS IS PROHIBITED.

18 12. "PROHIBITED SPORTS EVENT" MEANS ANY COLLEGIATE SPORT OR ATHLETIC
19 EVENT OR ANY HORSE RACING EVENT.

20 13. "SEASON-LONG FANTASY SPORTS CONTEST" MEANS A FANTASY SPORTS
21 CONTEST OFFERED BY A FANTASY SPORTS CONTEST OPERATOR THAT IS CONDUCTED
22 OVER AN ENTIRE SPORTS SEASON WHERE THE ENTRY FEE IS PAID PRIOR TO THE
23 START OF THE SEASON.

24 S 1502. REGISTRATION. 1. THE COMMISSION SHALL, WITHIN ONE HUNDRED
25 EIGHTY DAYS OF THE DATE THIS ARTICLE BECOMES LAW, PROMULGATE REGULATIONS
26 TO IMPLEMENT INTERACTIVE FANTASY SPORTS THAT REQUIRE AN ENTRY FEE IN
27 THIS STATE AND SHALL REGISTER ENTITIES TO OPERATE INTERACTIVE FANTASY
28 SPORTS WITH AN ENTRY FEE INVOLVING AUTHORIZED PARTICIPANTS, SUBJECT TO
29 THE PROVISIONS OF THIS ARTICLE AND OTHER APPLICABLE PROVISIONS OF LAW.
30 THE COMMISSION SHALL PROMULGATE EMERGENCY REGULATIONS TO IMPLEMENT
31 INTERACTIVE FANTASY SPORTS SUBJECT TO THE PROVISIONS OF THIS ARTICLE
32 WITHIN FORTY-FIVE DAYS OF THE DATE THIS ARTICLE BECOMES LAW. THE COMMISSION
33 SHALL PROMULGATE REGULATIONS TO PROTECT CONSUMERS WHO PLAY INTERACTIVE
34 FANTASY SPORTS AND SUCH REGULATIONS SHALL INCLUDE, BUT ARE NOT
35 LIMITED TO, RESPONSIBLE PLAY PROTECTIONS WITH REGARD TO PROBLEM GAMING.
36 THIS ARTICLE AND ALL RULES ADOPTED UNDER THE AUTHORITY OF THIS ARTICLE
37 SHALL ONLY APPLY TO INTERACTIVE FANTASY SPORTS CONTESTS WHEN AN ENTRY
38 FEE IS PAID BY A FANTASY SPORTS PLAYER AT THE TIME OF ENTRY FOR PARTICIPATION
39 IN AN INTERACTIVE FANTASY SPORTS CONTEST, AND SHALL NOT APPLY TO
40 SEASON-LONG FANTASY SPORTS CONTESTS.

41 2. NO PERSON, OTHER THAN A NONCOMMERCIAL CONTEST OPERATOR, MAY OPERATE,
42 MANAGE OR MAKE AVAILABLE AN INTERACTIVE FANTASY SPORTS PLATFORM
43 THAT IS OFFERED TO PERSONS LOCATED IN THIS STATE UNLESS REGISTERED BY
44 THE COMMISSION PURSUANT TO THIS ARTICLE. ONLY INTERACTIVE FANTASY
45 SPORTS PLATFORMS WHICH SOLELY OFFER CONTESTS WITH AN ENTRY FEE MUST BE
46 REGISTERED WITH THE DIVISION. HOWEVER, AN ENTITY THAT WAS OFFERING
47 INTERACTIVE FANTASY SPORTS CONTESTS TO NEW YORK RESIDENTS PRIOR TO
48 NOVEMBER TENTH, TWO THOUSAND FIFTEEN, MAY CONTINUE TO OFFER THE SAME
49 CONTESTS TO NEW YORK RESIDENTS UNTIL THEIR APPLICATION FOR REGISTRATION
50 HAS BEEN APPROVED OR DENIED, UNLESS SUCH ENTITY FAILS TO FILE AN APPLICATION
51 FOR REGISTRATION WITH THE COMMISSION WITHIN NINETY DAYS OF THE
52 ISSUANCE OF EMERGENCY REGULATION PURSUANT TO SUBDIVISION ONE OF THIS
53 SECTION.

54 3. THE COMMISSION SHALL REQUIRE ALL REGISTRANTS WITH AT LEAST FIVE
55 THOUSAND CUSTOMERS IN NEW YORK TO PAY A ONE-TIME FEE OF THE LESSER OF
56 FIVE HUNDRED THOUSAND DOLLARS OR FIVE PERCENT OF THE INTERACTIVE FANTASY

SPORTS GROSS REVENUE GENERATED FROM NEW YORK PARTICIPANTS IN THE PREVIOUS TWELVE MONTHS.

4. REGISTRATIONS ISSUED BY THE COMMISSION SHALL REMAIN IN EFFECT FOR TEN YEARS.

5. THE COMMISSION MAY DELEGATE ITS RESPONSIBILITIES TO ADMINISTER THE PROVISIONS OF THIS ARTICLE TO THE DIVISION OF GAMING, ESTABLISHED UNDER PARAGRAPH (C) OF SUBDIVISION TWO OF SECTION ONE HUNDRED THREE OF THIS CHAPTER. THE COMMISSION MAY NOT DELEGATE ITS RESPONSIBILITIES TO APPROVE REGISTRATIONS.

6. NOTHING CONTAINED IN ARTICLE TWO HUNDRED TWENTY-FIVE OF THE PENAL LAW SHALL BE APPLICABLE TO AN INTERACTIVE FANTASY SPORTS CONTEST OFFERED BY A REGISTRANT IN ACCORDANCE WITH THE PROVISIONS OF THIS ARTICLE, OR TO AN INTERACTIVE FANTASY SPORTS CONTEST WITH AN ENTRY FEE, OR SEASON-LONG INTERACTIVE FANTASY SPORTS CONTEST.

S 1503. REQUIRED SAFEGUARDS/MINIMUM STANDARDS. THE DIVISION SHALL REQUIRE REGISTRANTS TO IMPLEMENT THE FOLLOWING MEASURES FOR INTERACTIVE FANTASY SPORTS WITH AN ENTRY FEE THAT ARE INTENDED TO DO THE FOLLOWING:

1. PREVENT EMPLOYEES OF THE REGISTRANT, AND RELATIVES LIVING IN THE SAME HOUSEHOLD AS SUCH EMPLOYEES, FROM COMPETING IN ANY SUCH PUBLIC FANTASY SPORTS CONTEST.

2. PROHIBIT THE REGISTRANT FROM BEING A CONTEST PARTICIPANT IN SUCH A FANTASY SPORTS CONTEST THAT HE OR SHE OFFERS.

3. PREVENT THE EMPLOYEES OR AGENTS OF THE REGISTRANT FROM SHARING CONFIDENTIAL INFORMATION THAT COULD AFFECT SUCH FANTASY SPORTS PLAY WITH THIRD PARTIES UNTIL THE INFORMATION IS MADE PUBLICLY AVAILABLE.

4. VERIFY THAT CONTEST PARTICIPANT IS EIGHTEEN YEARS OF AGE OR OLDER THROUGH THE USE OF A COMMERCIALY AVAILABLE DATABASE OR AGGREGATE OF DATABASES THAT IS REGULARLY USED FOR THE PURPOSE OF AGE AND IDENTITY VERIFICATION AND AUTHENTICATION.

5. RESTRICT AN INDIVIDUAL WHO IS A PLAYER, GAME OFFICIAL, COACH, OR OTHER PARTICIPANT IN A REAL-WORLD GAME OR COMPETITION FROM PARTICIPATING IN SUCH A FANTASY SPORTS CONTEST THAT IS DETERMINED IN WHOLE OR IN PART ON THE PERFORMANCE OF THAT INDIVIDUAL, THE INDIVIDUAL'S REAL-WORLD TEAM, OR THE ACCUMULATED STATISTICAL RESULTS OF THE SPORT OR COMPETITION IN WHICH HE OR SHE IS A PLAYER, GAME OFFICIAL, OR OTHER PARTICIPANT.

6. ALLOW INDIVIDUALS TO RESTRICT OR PREVENT THEIR OWN ACCESS TO SUCH A FANTASY SPORTS CONTEST AND TAKE REASONABLE STEPS TO PREVENT THOSE INDIVIDUALS FROM ENTERING A FANTASY SPORTS CONTEST.

7. DISCLOSE THE NUMBER OF ENTRIES A SINGLE FANTASY SPORTS CONTEST PLAYER MAY SUBMIT TO EACH SUCH FANTASY SPORTS CONTEST AND TAKE REASONABLE STEPS TO PREVENT PLAYERS FROM SUBMITTING MORE THAN THE ALLOWABLE NUMBER.

8. ENSURE PARTICIPANTS' FUNDS ARE HELD IN ACCOUNTS SEGREGATED FROM THE FUNDS OF REGISTRANTS AND OTHERWISE PROTECTED FROM CORPORATE INSOLVENCY, FINANCIAL RISK OR CRIMINAL OR CIVIL ACTIONS AGAINST THE REGISTRANT.

9. PROTECT THE PRIVACY AND ONLINE SECURITY OF PARTICIPANTS IN SUCH INTERACTIVE FANTASY SPORTS.

10. ENSURE THE FAIRNESS AND HONESTY OF SUCH INTERACTIVE FANTASY SPORTS AND THAT APPROPRIATE MEASURES ARE IN PLACE TO DETER, DETECT AND, TO THE EXTENT REASONABLY POSSIBLE, TO PREVENT CHEATING, INCLUDING COLLUSION, AND USE OF CHEATING DEVICES, INCLUDING USE OF SOFTWARE PROGRAMS (SOMETIMES REFERRED TO AS "BOTS" OR "SCRIPTS") THAT PLACE ENTRY FEES OR ADJUST THE PLAYERS SELECTED BY A FANTASY SPORTS PARTICIPANT.

11. PREVENT PROHIBITED PARTICIPANTS FROM MAINTAINING ACCOUNTS OR ENTERING INTERACTIVE FANTASY SPORTS CONTESTS OFFERED BY A REGISTRANT.

12. MINIMIZE COMPULSIVE PARTICIPATION IN SUCH INTERACTIVE FANTASY SPORTS CONTESTS AND PROVIDE NOTICE TO PARTICIPANTS OF RESOURCES AVAILABLE TO HELP COMPULSIVE PARTICIPATION IN FANTASY SPORTS CONTESTS.

13. DISCLOSE THE MAXIMUM NUMBER OF CONTEST PARTICIPANTS FOR EACH SUCH FANTASY SPORTS CONTEST AND ENSURE THAT NO MORE THAN THE MAXIMUM NUMBER OF CONTEST PARTICIPANTS ACTUALLY PARTICIPATE IN SUCH FANTASY SPORTS CONTEST.

14. OFFER ALL CONTEST PARTICIPANTS ACCESS TO HIS OR HER PLAYER HISTORY AND ACCOUNT DETAILS.

15. ACCURATELY REPRESENT THE FREQUENCY OR EXTENT OF WINNING, AND NOT TARGET EXCLUDED PARTICIPANTS OR MINORS IN ADVERTISING FOR INTERACTIVE FANTASY SPORTS CONTESTS.

S 1504. SCOPE OF REGISTRATION REVIEW. 1. THE DIVISION SHALL REQUIRE THAT EACH APPLICANT, OTHER THAN NONCOMMERCIAL CONTEST OPERATORS, SUBMIT AN APPLICATION SETTING FORTH THE FOLLOWING, UNLESS SUCH INFORMATION CAN BE SATISFIED BY, OR FOUND IN, PUBLIC RECORDS OR FILINGS:

(A) THE FULL NAME OF THE APPLICANT.

(B) IF A CORPORATION, THE NAME OF THE STATE IN WHICH INCORPORATED AND THE NAMES AND ADDRESSES OF THE OFFICERS, DIRECTORS, AND SHAREHOLDERS HOLDING FIFTEEN PERCENT OR MORE EQUITY OR, IF A BUSINESS ENTITY OTHER THAN A CORPORATION, THE NAMES AND ADDRESSES OF THE PRINCIPALS, PARTNERS, OR SHAREHOLDERS HOLDING FIVE PERCENT OR MORE EQUITY.

(C) THE NAMES AND ADDRESSES OF THE ULTIMATE EQUITABLE OWNERS FOR A CORPORATION OR OTHER BUSINESS ENTITY, IF DIFFERENT FROM THOSE PROVIDED UNDER PARAGRAPH (B), UNLESS THE SECURITIES OF THE CORPORATION OR ENTITY ARE REGISTERED PURSUANT TO S 12 OF THE SECURITIES EXCHANGE ACT OF 1934, 15 U.S.C. SS 78A-78KK; AND IF SUCH CORPORATION OR ENTITY FILES WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION THE REPORTS REQUIRED BY S 13 OF THAT ACT OR IF THE SECURITIES OF THE CORPORATION OR ENTITY ARE REGULARLY TRADED ON AN ESTABLISHED SECURITIES MARKET IN THE UNITED STATES.

(D) THE ESTIMATED NUMBER OF INTERACTIVE FANTASY SPORTS CONTESTS TO BE CONDUCTED ANNUALLY.

(E) A STATEMENT OF THE ASSETS AND LIABILITIES OF THE APPLICANT.

2. THE COMMISSION MAY REQUIRE THE NAMES AND ADDRESSES OF THE OFFICERS AND DIRECTORS OF ANY CREDITOR OF THE APPLICANT, AND OF THOSE STOCKHOLDERS WHO HOLD MORE THAN FIFTEEN PERCENT OF THE STOCK OF THE CREDITOR.

3. FOR EACH INDIVIDUAL LISTED IN THE APPLICATION AS AN OFFICER OR DIRECTOR, A COMPLETE SET OF FINGERPRINTS THAT HAS BEEN TAKEN BY AN AUTHORIZED LAW ENFORCEMENT OFFICER. THESE SETS OF FINGERPRINTS MUST BE SUBMITTED TO THE FEDERAL BUREAU OF INVESTIGATION FOR PROCESSING. FOREIGN NATIONALS SHALL SUBMIT SUCH DOCUMENTS AS NECESSARY TO ALLOW THE COMMISSION TO CONDUCT CRIMINAL HISTORY RECORDS CHECKS IN THE INDIVIDUAL'S HOME COUNTRY. THE APPLICANT MUST PAY THE COST OF PROCESSING.

4. (A) A PERSON OR ENTITY IS NOT ELIGIBLE FOR REGISTRATION AS A CONTEST OPERATOR OR THE RENEWAL OF A LICENSE IF THE PERSON OR AN OFFICER OR DIRECTOR OF THE ENTITY HAS BEEN CONVICTED OF A FELONY IN THIS STATE, A FELONY IN ANY OTHER STATE WHICH WOULD BE A FELONY IF COMMITTED IN THIS STATE UNDER THE LAWS OF THIS STATE, OR A FELONY UNDER THE LAWS OF THE UNITED STATES, OR IF THE APPLICANT FOR SUCH REGISTRATION HAS BEEN CONVICTED OF A FELONY OR MISDEMEANOR IN THIS STATE, IN ANY OTHER STATE, OR UNDER THE LAWS OF THE UNITED STATES, IF SUCH FELONY OR MISDEMEANOR IS RELATED TO GAMBLING OR BOOKMAKING.

(B) THE TERM "CONVICTED" MEANS HAVING BEEN FOUND GUILTY, WITH OR WITHOUT ADJUDICATION OF GUILT, AS A RESULT OF A JURY VERDICT, NONJURY TRIAL, OR ENTRY OF A PLEA OF GUILTY OR NOLO CONTENDERE.

1 5. THE CONTEST OPERATOR SHALL PROVIDE EVIDENCE OF A SURETY BOND IN THE
2 AMOUNT OF ONE MILLION DOLLARS, PAYABLE TO THE STATE, FURNISHED BY A
3 CORPORATE SURETY AUTHORIZED TO DO BUSINESS IN THE STATE IN SUCH A FORM
4 AS ESTABLISHED BY COMMISSION RULE. SUCH BOND SHALL BE KEPT IN FULL FORCE
5 AND EFFECT BY THE CONTEST OPERATOR DURING THE TERM OF THE LICENSE AND
6 ANY RENEWAL THEREOF.

7 S 1505. STATE TAX. REGISTRANTS ENGAGED IN THE BUSINESS OF CONDUCTING
8 INTERACTIVE FANTASY SPORTS PURSUANT TO THIS ARTICLE SHALL PAY A PRIVI-
9 LEGE TAX, BASED ON THE REGISTRANT'S PERCENTAGE OF ANNUAL INTERACTIVE
10 FANTASY SPORTS GROSS REVENUE GENERATED FROM NEW YORK PARTICIPANTS, AT A
11 FIFTEEN PERCENT RATE.

12 S 2. This act shall take effect immediately, however, an entity that
13 was offering interactive fantasy sports contests to New York residents
14 prior to November 10, 2015, may continue to offer interactive fantasy
15 sports contests to New York residents until their application for regis-
16 tration has been approved or denied, unless such entity fails to file an
17 application with the commission within ninety days of the issuance of
18 emergency regulations pursuant to article 15 of the racing, pari-mutuel
19 wagering and breeding law, as added by section one of this act.