STATE OF NEW YORK

7900--A

IN SENATE

March 7, 2018

Introduced by Sens. BONACIC, ADDABBO, AVELLA, BROOKS, FUNKE, GALLIVAN, GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Racing, Gaming and Wagering -- reported favorably from said committee and committed to the Committee on Finance -- 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 regulation of sports betting

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 1367 of the racing, pari-mutuel wagering and breeding law, as added by chapter 174 of the laws of 2013, is amended to read as follows:

§ 1367. Sports wagering. 1. As used in this section:

(a) **"Affiliate" means any off-track betting corporation, franchised corporation, or race track licensed pursuant to this chapter, or an operator of video lottery gaming at Aqueduct licensed pursuant to section sixteen hundred seventeen-a of the tax law, which has a mobile sports wagering agreement with a casino pursuant to section thirteen hundred sixty-seven-a of this title;**

(b) "Agent" means an entity that is party to a contract with a licensed gaming facility authorized to operate a sports pool and is approved by the commission to operate a sports pool on behalf of such licensed gaming facility;

(c) "Authorized sports bettor" means an individual who is physically present in this state when placing a sports wager, who is not a prohibited sports bettor, that participates in sports wagering offered by a casino. The intermediate routing of electronic data in connection with mobile sports wagering shall not determine the location or locations in which a wager is initiated, received or otherwise made;

(d) "Casino" means a licensed gaming facility at which gambling is conducted pursuant to the provisions of this article **or the agent of such licensed gaming facility**;

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

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[~~(b)~~] (e) "Commission" means the commission established pursuant to section one hundred two of this chapter;

[~~(c)~~] (f) "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 educational services beyond the secondary level;

(g) "Global risk management" means the direction, management, consultation and/or instruction for purposes of managing risks associated with sports wagering conducted pursuant to this section and includes the setting and adjustment of betting lines, point spreads, or odds and whether to place layoff bets as permitted by this section;

[~~(d)~~] (h) "High school 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 at the secondary level;

(i) "Horse racing event" means any sport or athletic event conducted in New York state subject to the provisions of articles two, three, four, five, six, nine, ten and eleven of this chapter, or any sport or athletic event conducted outside of New York state, which if conducted in New York state would be subject to the provisions of this chapter;

(j) "In-play sports wager" means a sports wager placed on a sports event after the sports event has begun and before it ends;

(k) "Layoff bet" means a sports wager placed by a casino sports pool with another casino sports pool;

(l) "Minor" means any person under the age of twenty-one years;

(m) "Mobile sports wagering platform" or "platform" means the combination of hardware, software, and data networks used to manage, administer, or control sports wagering and any associated wagers accessible by any electronic means including mobile applications and internet websites accessed via a mobile device or computer;

(n) "Official league data" means statistics, results, outcomes, and other data relating to a sporting event that have been obtained from the relevant sports governing body or an entity expressly authorized by the sports governing body to provide such information to casinos;

(o) "Operator" means a casino which has elected to operate a sports pool;

[~~(e)~~] (p) "Professional sport or athletic event" means an event at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in such event;

(q) "Prohibited sports bettor" means:

(i) any officer or employee of the commission;

(ii) any principal or key employee of a casino or affiliate, except as may be permitted by the commission for good cause shown;

(iii) any casino gaming or non-gaming employee at the casino that employs such person and at any affiliate that has an agreement with that casino;

(iv) any contractor, subcontractor, or consultant, or officer or employee of a contractor, subcontractor, or consultant, of a casino if such person is directly involved in the operation or observation of sports wagering, or the processing of sports wagering claims or payments;

(v) Any person subject to a contract with the commission if such contract contains a provision prohibiting such person from participating in sports wagering;

(vi) Any spouse, child, brother, sister or parent residing as a member of the same household in the principal place of abode of any of the foregoing persons at the same casino where the foregoing person is prohibited from participating in sports wagering;

(vii) any individual with access to non-public confidential information about sports wagering;

(viii) any amateur or professional athlete if the sports wager is based on any sport or athletic event overseen by the athlete's sports governing body;

(ix) any sports agent, owner or employee of a team, player and umpire union personnel, and employee referee, coach or official of a sports governing body, if the sports wager is based on any sport or athletic event overseen by the individual's sports governing body;

(x) any individual placing a wager as an agent or proxy for an otherwise prohibited sports bettor; or

(xi) any minor;

[~~(f)~~] (r) "Prohibited sports event" means any [~~collegiate sport or athletic event that takes place in New York or a sport or athletic event in which any New York college team participates regardless of where the event takes place~~] high school sport or athletic event;

[~~(g)~~] (s) "Sports event" means any professional sport or athletic event and any collegiate sport or athletic event, except a prohibited sports event or a horse racing event;

[~~(h)~~] (t) "Sports governing body" means the organization that prescribes final rules and enforces codes of conduct with respect to a sporting event and participants therein;

(u) "Sports pool" means the business of accepting wagers on any sports event by any system or method of wagering; [~~and~~

~~(i)~~] (v) "Sports wager" means cash or cash equivalent that is paid by an authorized sports bettor to a casino to participate in sports wagering offered by such casino;

(w) "Sports wagering" means wagering on sporting events or any portion thereof, or on the individual performance statistics of athletes participating in a sporting event, or combination of sporting events, by any system or method of wagering, including, but not limited to, in-person communication and electronic communication through internet websites accessed via a mobile device or computer and mobile device applications. The term "sports wagering" shall include, but is not limited to, single-game bets, teaser bets, parlays, over-under bets, moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets and straight bets;

(x) "Sports wagering gross revenue" means: (i) the amount equal to the total of all sports wagers not attributable to prohibited sports events that an operator collects from all players, less the total of all sums not attributable to prohibited sports events paid out as winnings to all sports bettors, however, that the total of all sums paid out as winnings to sports bettors shall not include the cash equivalent value of any merchandise or thing of value awarded as a prize, or (ii) in the case of exchange wagering pursuant to this section, the commission on winning sports wagers by authorized sports bettors retained by the operator. The issuance to or wagering by authorized sports bettors at a casino of any promotional gaming credit shall not be taxable for the purposes of determining sports wagering gross revenue;

(y) "Sports wagering lounge" means an area wherein a sports pool is operated;

(z) "Tier one sports wager" means a sports wager that is determined solely by the final score or final outcome of the sports event;

(aa) "Tier two sports wager" means an in-play sports wager that is not a tier one sports wager; and

(bb) "Tier three sports wager" means a sports wager that is neither a tier one nor a tier two sports wager.

2. No gaming facility may conduct sports wagering until such time as there has been a change in federal law authorizing such or upon a ruling of a court of competent jurisdiction that such activity is lawful.

3. (a) In addition to authorized gaming activities, a licensed gaming facility may when authorized by subdivision two of this section operate a sports pool upon the approval of the commission and in accordance with the provisions of this section and applicable regulations promulgated pursuant to this article. The commission shall hear and decide promptly and in reasonable order all applications for a license to operate a sports pool, shall have the general responsibility for the implementation of this section and shall have all other duties specified in this section with regard to the operation of a sports pool. The license to operate a sports pool shall be in addition to any other license required to be issued to operate a gaming facility. No license to operate a sports pool shall be issued by the commission to any entity unless it has established its financial stability, integrity and responsibility and its good character, honesty and integrity.

No later than five years after the date of the issuance of a license and every five years thereafter or within such lesser periods as the commission may direct, a licensee shall submit to the commission such documentation or information as the commission may by regulation require, to demonstrate to the satisfaction of the executive director of the commission that the licensee continues to meet the requirements of the law and regulations.

(b) A sports pool shall be operated in a sports wagering lounge located at a casino. The lounge shall conform to all requirements concerning square footage, design, equipment, security measures and related matters which the commission shall by regulation prescribe.

(c) The operator of a sports pool shall establish or display the odds at which wagers may be placed on sports events.

(d) An operator shall accept wagers on sports events only from persons physically present in the sports wagering lounge, or through mobile sports wagering offered pursuant to section thirteen hundred sixty-seven-a of this title. A person placing a wager shall be at least twenty-one years of age.

(e) An operator may also accept layoff bets as long as the authorized sports pool places such wagers with another authorized sports pool or pools in accordance with regulations of the commission. A sports pool that places a layoff bet shall inform the sports pool accepting the wager that the wager is being placed by a sports pool and shall disclose its identity.

(f) An operator may utilize global risk management pursuant to the approval of the commission.

(g) An operator shall not admit into the sports wagering lounge, or accept wagers from, any person whose name appears on the exclusion list.

[~~(f)~~] (h) The holder of a license to operate a sports pool may contract with [~~an entity~~] one or more agents to conduct any or all aspects of that operation, or the operation of mobile sports wagering offered pursuant to section thirteen hundred sixty-seven-a of this title, including but not limited to brand, marketing and customer

service, in accordance with the regulations of the commission. [~~That entity~~] Each agent shall obtain a license as a casino vendor enterprise prior to the execution of any such contract, and such license shall be issued pursuant to the provisions of section one thousand three hundred twenty-seven of this article and in accordance with the regulations promulgated by the commission.

[~~(g)~~] (i) If any provision of this article or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this article which can be given effect without the invalid provision or application, and to this end the provisions of this article are severable.

4. (a) All persons employed directly in wagering-related activities conducted within a sports wagering lounge shall be licensed as a casino key employee or registered as a gaming employee, as determined by the commission. All other employees who are working in the sports wagering lounge may be required to be registered, if appropriate, in accordance with regulations of the commission.

(b) Each operator of a sports pool shall designate one or more casino key employees who shall be responsible for the operation of the sports pool. At least one such casino key employee shall be on the premises whenever sports wagering is conducted.

5. Except as otherwise provided by this article, the commission shall have the authority to regulate sports pools and the conduct of sports wagering under this article to the same extent that the commission regulates other gaming. No casino shall be authorized to operate a sports pool unless it has produced information, documentation, and assurances concerning its financial background and resources, including cash reserves, that are sufficient to demonstrate that it has the financial stability, integrity, and responsibility to operate a sports pool. In developing rules and regulations applicable to sports wagering, the commission shall examine the regulations implemented in other states where sports wagering is conducted and shall, as far as practicable, adopt a similar regulatory framework. The commission shall promulgate regulations necessary to carry out the provisions of this section, including, but not limited to, regulations governing the:

(a) amount of cash reserves to be maintained by operators to cover winning wagers;

(b) acceptance of wagers on a series of sports events;

(c) maximum wagers which may be accepted by an operator from any one patron on any one sports event;

(d) type of wagering tickets which may be used;

(e) method of issuing tickets;

(f) method of accounting to be used by operators;

(g) types of records which shall be kept;

(h) use of credit and checks by patrons;

(i) **the process by which a casino may place a layoff bet;**

(j) the use of global risk management;

(k) type of system for wagering; and

[~~(j)~~] **(l)** protections for a person placing a wager.

6. Each operator shall adopt comprehensive house rules governing sports wagering transactions with its [~~patrons~~] **authorized sports bettors**. The rules shall specify the amounts to be paid on winning wagers and the effect of schedule changes. The house rules, together with any other information the commission deems appropriate, shall be conspicuously displayed in the sports wagering lounge and included in

the terms and conditions of the account wagering system, and copies shall be made readily available to patrons.

7. (a) Each casino that offers sports wagering shall annually submit a report to the commission no later than the twenty-eighth of February of each year, which shall include the following information:

(i) the total amount of sports wagers received from authorized sports bettors;

(ii) the total amount of prizes awarded to authorized sports bettors;

(iii) the total amount of sports wagering gross revenue received by the casino;

(iv) the total amount contributed to the sport betting integrity fund pursuant to subdivision eight of this section;

(v) the total amount of wagers received on each sports governing body's sporting events;

(vi) the total number of authorized sports bettors that requested to exclude themselves from sports wagering; and

(vii) any additional information that the commission deems necessary to carry out the provisions of this article.

(b) Upon the submission of such annual report, to such extent that the commission deems it to be in the public interest, the commission shall be authorized to conduct a financial audit of any casino, at any time, to ensure compliance with this article.

(c) The commission shall annually publish a report based on the aggregate information provided by all casinos pursuant to paragraph (a) of this subdivision, which shall be published on the commission's website no later than one hundred eighty days after the deadline for the submission of individual reports as specified in such paragraph (a).

8. (a) Within thirty days of the end of each calendar quarter, a casino offering sports wagering shall remit to the commission a sports wagering integrity fee of up to one-quarter of one percent of the amount wagered on sports events, however, in no case shall the integrity fee be greater than two percent of the casino's sports wagering gross revenue. The fee shall be remitted on a form as the commission may require, on which the casino shall identify the percentage of wagering during the reporting period attributable to each sport governing body's sports events.

(b) No later than the thirtieth of April of each year, a sports governing body may submit a claim for disbursement of the integrity funds remitted by casinos in the previous calendar year in pro rata proportion of the total amount wagered on their respective sports events to reimburse the sports governing body for expenses incurred for integrity operations. Eligible expenses shall include, but not be limited to, integrity monitoring expenses, expenses incurred related to integrity investigations, public relations expenses associated with integrity issues, and any other eligible expenses approved by the commission.

(c) Each sports governing body which receives in excess of fifty-thousand dollars annually from the integrity fee shall annually submit a report to the commission no later than the twenty-eighth of February of each year, which shall include the following information:

(i) the total amount of integrity fund reimbursement received from New York;

(ii) a detailed summary of the final dispositions of integrity investigations where it was determined that misconduct took place;

(iii) any additional information that the commission deems necessary to carry out the provisions of this article.

(d) Upon the submission of such annual report, to such extent that the commission deems it to be in the public interest, the commission shall be authorized to conduct a financial audit of any sports governing body, at any time, to ensure compliance with this article.

(e) The commission shall annually publish a report based on the aggregate information provided by all sports governing bodies pursuant to paragraph (c) of this subdivision, which shall be published on the commission's website no later than one hundred eighty days after the deadline for the submission of individual reports as specified in paragraph (c) of this subdivision.

(f) At the end of the year, any unclaimed integrity fee revenue shall be distributed to the sports governing bodies which were approved to receive funding, on a pro rata basis.

9. For the privilege of conducting sports wagering in the state, casinos shall pay a tax equivalent to eight and one-half percent of their sports wagering gross revenue.

10. The commission shall pay into the commercial gaming revenue fund established pursuant to section ninety-seven-nnnn of the state finance law eighty-five percent of the state tax imposed by this section; any interest and penalties imposed by the commission relating to those taxes; all penalties levied and collected by the commission; and the appropriate funds, cash or prizes forfeited from sports wagering. The commission shall pay into the commercial gaming fund five percent of the state tax imposed by this section to be distributed for problem gambling education and treatment purposes pursuant to paragraph a of subdivision five of section ninety-seven-nnnn of the state finance law. The commission shall pay into the commercial gaming fund five percent of the state tax imposed by this section to be distributed for the cost of regulation pursuant to paragraph c of subdivision five of section ninety-seven-nnnn of the state finance law. The commission shall pay into the commercial gaming fund five percent of the state tax imposed by this section to be distributed in the same formula as market origin credits pursuant to section one hundred fifteen-b of this chapter. The commission shall require at least monthly deposits by the casino of any payments pursuant to subdivision nine of this section, at such times, under such conditions, and in such depositories as shall be prescribed by the state comptroller. The deposits shall be deposited to the credit of the state commercial gaming revenue fund. The commission shall require a monthly report and reconciliation statement to be filed with it on or before the tenth day of each month, with respect to gross revenues and deposits received and made, respectively, during the preceding month.

11. The commission may perform audits of the books and records of a casino, at such times and intervals as it deems appropriate, for the purpose of determining the sufficiency of tax payments. If a return required with regard to obligations imposed is not filed, or if a return when filed or is determined by the commission to be incorrect or insufficient with or without an audit, the amount of tax due shall be determined by the commission. Notice of such determination shall be given to the casino liable for the payment of the tax. Such determination shall finally and irrevocably fix the tax unless the casino against whom it is assessed, within thirty days after receiving notice of such determination, shall apply to the commission for a hearing in accordance with the regulations of the commission.

12. Nothing in this section shall apply to interactive fantasy sports offered pursuant to article fourteen of this chapter. Nothing in this section authorizes any entity that conducts interactive fantasy sports

offered pursuant to article fourteen of this chapter to conduct sports wagering unless it separately qualifies for, and obtains, authorization pursuant to this section.

13. A casino that is also licensed under article three of this chapter, and must maintain racing pursuant to paragraph (b) of subdivision one of section thirteen hundred fifty-five of this chapter, shall be allowed to offer pari-mutuel wagering on horse racing events in accordance with their license under article three of this chapter. Notwithstanding subparagraph (ii) of paragraph c of subdivision two of section one thousand eight of this chapter, a casino located in the city of Schenectady shall be allowed to offer pari-mutuel wagering on horse racing events, provided such wagering is conducted by the regional off-track betting corporation in such region as the casino is located. Any other casino shall be allowed to offer pari-mutuel wagering on horse racing events, provided such wagering is conducted by the regional off-track betting corporation in such region as the casino is located. Any physical location where pari-mutuel wagering on horse racing events is offered by a casino and conducted by a regional off-track betting corporation in accordance with this subdivision shall be deemed to be a branch location of the regional off-track betting corporation in accordance with section one thousand eight of this chapter. Mobile sports betting kiosks located on the premises of affiliates in accordance with paragraph (d) of subdivision five of section thirteen hundred sixty-seven-a of this chapter shall not be allowed to offer pari-mutuel wagering on horse racing events.

14. A sports governing body may notify the commission that it desires to restrict, limit, or exclude wagering on its sporting events by providing notice in the form and manner as the commission may require. Upon receiving such notice, the commission shall review the request in good faith, seek input from the casinos on such a request, and if the commission deems it appropriate, promulgate regulations to restrict such sports wagering. If the commission denies a request, the sports governing body shall be afforded notice and the right to be heard and offer proof in opposition to such determination in accordance with the regulations of the commission. Offering or taking wagers contrary to restrictions promulgated by the commission is a violation of this section. In the event that the request is in relation to an emergency situation, the executive director of the commission may temporarily prohibit the specific wager in question until the commission has the opportunity to issue temporary regulations addressing the issue.

15. (a) The commission shall designate the division of the state police to have primary responsibility for conducting, or assisting the commission in conducting, investigations into abnormal betting activity, match fixing, and other conduct that corrupts a betting outcome of a sporting event or events for purposes of financial gain.

(b) The commission and casinos shall cooperate with investigations conducted by sports governing bodies or law enforcement agencies, including but not limited to providing or facilitating the provision of account-level betting information and audio or video files relating to persons placing wagers; provided, however, that the casino be required to share any personally identifiable information of an authorized sports bettor with a sports governing body only pursuant to an order to do so by the commission or a law enforcement agency or court of competent jurisdiction.

(c) Casinos shall immediately report to the commission any information relating to:

(i) criminal or disciplinary proceedings commenced against the casino in connection with its operations;

(ii) abnormal betting activity or patterns that may indicate a concern with the integrity of a sporting event or events;

(iii) any potential breach of the relevant sports governing body's internal rules and codes of conduct pertaining to sports wagering, as they have been provided by the sports governing body to the casino;

(iv) any other conduct that corrupts a betting outcome of a sporting event or events for purposes of financial gain, including match fixing; and

(v) suspicious or illegal wagering activities, including use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, using agents to place wagers, using confidential non-public information, and using false identification.

The commission shall also immediately report information relating to conduct described in subparagraphs (ii), (iii) and (iv) of this paragraph to the relevant sports governing body.

(d) Casinos shall maintain the confidentiality of information provided by a sports governing body to the casino, unless disclosure is required by this section, the commission, other law, or court order.

(e) The commission, by regulation, may authorize and promulgate any rules necessary to implement agreements with other states, or authorized agencies thereof to enable the sharing of information to facilitate integrity monitoring and the conduct of investigations into abnormal betting activity, match fixing, and other conduct that corrupts a betting outcome of a sporting event or events for purposes of financial gain.

16. (a) Casinos shall use whatever data source they deem appropriate for determining the result of sports wagering involving tier one sports wagers.

(b) Casinos shall only use official league data in all sports wagering involving tier two sports wagers, if the relevant sports governing body possesses a feed of official league data, and makes such feed available for purchase by the casinos on commercially reasonable terms as determined by the commission.

(c) A sports governing body may notify the commission that it desires to require casinos to use official league data in sports wagering involving specific tier three sports wagers by providing notice in the form and manner as the commission may require. Upon receiving such notice, the commission shall review the request, seek input from the casinos on such a request, and if the commission deems it appropriate, promulgate regulations to require casinos to use official league data on sports wagering involving such tier three sports wagers if the relevant sports governing body possesses a feed of official league data, and makes such feed available for purchase by the casinos on commercially reasonable terms as determined by the commission.

(d) When determining whether or not a supplier of official league data is offering commercially reasonable terms, the commission shall consider the amount charged by the supplier of official league data to gaming operators in other jurisdictions. This information shall be provided to the commission by the supplier of official league data upon request of the commission. Any entity providing data to a casino for the purpose of tier two sports wagers, other than a supplier of official league data, shall obtain a license as a casino vendor enterprise and such license shall be issued pursuant to the provisions of section one thousand three

hundred twenty-seven of this article and in accordance with the regulations promulgated by the commission.

(e) No casino shall enter into an agreement with a sports governing body or an entity expressly authorized to distribute official league data to be the exclusive recipient of their official league data.

(f) If an error occurs in the payment of a sports wager the casino shall bear the cost of any overpayment. In the event of under-payment or non-payment of a wager alleged by an authorized sports bettor to be a winning wager:

(i) the casino shall accept timely claims, pay each claim, or a part thereof, which it determines to be valid; notice shall be given to any claimant whose claim is rejected.

(ii) any authorized sports bettor whose claim is rejected by the casino may, within fifteen days from the date notice of rejection is received, request the commission to determine the validity of the claim. The failure to file such a request with the board within fifteen days shall constitute a waiver of the claim, provided the claimant has received notice of a right to appeal to the commission.

(iii) a hearing before the commission shall be held on each claim timely filed, and the commission may determine a claim to be valid, in whole or in part, and thereafter order the casino to make payment accordingly. In determining whether a claim is valid the commission shall utilize the statistics, results, outcomes, and other data relating to a sporting event that have been obtained from the relevant sports governing body. Any such determination shall be final and binding on all parties.

(iv) claims not filed with the casino within thirty days inclusive of the date on which the under-payment was discovered shall be deemed waived, and the casino shall have no further liability therefor.

17. (a) Casinos shall maintain records of all bets and wagers placed, including personally identifiable information of the mobile sports wagering bettor, amount and type of bet, time the bet was placed, location of the bet, including IP address if applicable, the outcome of the bet, records of abnormal betting activity, and video camera recordings in the case of in-person wagers for at least three years after the sporting event occurs and make such data available for inspection upon request of the commission or as required by court order.

(b) If a sports governing body has notified the commission that real-time information sharing for wagers placed on sporting events is necessary and desirable, casinos shall share in real time, at the account-level, and in pseudonymous form, the information required to be retained pursuant to paragraph (a) of this subdivision (other than video files) with the commission, and the commission shall share in real time the information with the sports governing body or its designee with respect to wagers on its sporting events.

(c) The commission shall cooperate with a sports governing body and casinos to ensure the timely, efficient, and accurate sharing of information.

18. A casino shall not permit sports wagering by anyone they know, or should have known, to be a prohibited sports bettor.

19. Sports wagering conducted pursuant to the provisions of this section is hereby authorized.

20. The conduct of sports wagering in violation of this section is prohibited.

21. Any person, firm, corporation, association, agent, or employee who knowingly violates any procedure implemented under this section, or

section thirteen hundred sixty-seven-a of this title, shall be liable for a civil penalty of not more than five thousand dollars for each violation, not to exceed fifty thousand dollars for violations arising out of the same transaction or occurrence, which shall accrue to the state and may be recovered in a civil action brought by the commission.

§ 2. The racing, pari-mutuel wagering and breeding law is amended by adding a new section 1367-a to read as follows:

§ 1367-a. Mobile sports wagering. 1. As used in this section, the following terms shall have the following meanings:

(a) "Affiliate" means any off-track betting corporation, franchised corporation, or race track licensed pursuant to the racing, pari-mutuel wagering and breeding law, or an operator of video lottery gaming at Aqueduct licensed pursuant to section sixteen hundred seventeen-a of the tax law, which has a mobile sports wagering agreement with a casino pursuant to this section;

(b) "Agent" means an entity that is party to a contract with a licensed gaming facility authorized to operate a sports pool and is approved by the commission to operate a sports pool on behalf of such licensed gaming facility;

(c) "Authorized sports bettor" means an individual who is physically present in this state when placing a sports wager, who is not a prohibited sports bettor, that participates in sports wagering offered by a casino. The intermediate routing of electronic data in connection with mobile sports wagering shall not determine the location or locations in which a wager is initiated, received or otherwise made;

(d) "Casino" means a licensed gaming facility at which gambling is conducted pursuant to the provisions of this article or the agent of such licensed gaming facility;

(e) "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;

(f) "Commission" means the commission established pursuant to section one hundred two of this chapter;

(g) "High school 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 at the secondary level;

(h) "Horse racing event" means any sport or athletic event conducted in New York state subject to the provisions of articles two, three, four, five, six, nine, ten and eleven of this chapter, or any sport or athletic event conducted outside of New York state, which if conducted in New York state would be subject to the provisions of this chapter;

(i) "Minor" means any person under the age of twenty-one years;

(j) "Mobile sports wagering platform" or "platform" means the combination of hardware, software, and data networks used to manage, administer, or control sports wagering and any associated wagers accessible by any electronic means including mobile applications and internet websites accessed via a mobile device or computer;

(k) "Operator" means an entity offering a mobile sports wagering platform including an agent;

(l) "Professional sport or athletic event" means an event at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in such event;

(m) "Prohibited sports bettor" means:

(i) any officer or employee of the commission;

(ii) any principal or key employee of a casino or affiliate, except as may be permitted by the commission for good cause shown;

(iii) any casino gaming or non-gaming employee at the casino that employs such person and at any affiliate that has an agreement with that casino;

(iv) any contractor, subcontractor, or consultant, or officer or employee of a contractor, subcontractor, or consultant, of a casino if such person is directly involved in the operation or observation of sports wagering, or the processing of sports wagering claims or payments;

(v) any person subject to a contract with the commission if such contract contains a provision prohibiting such person from participating in sports wagering;

(vi) any spouse, child, brother, sister or parent residing as a member of the same household in the principal place of abode of any of the foregoing persons at the same casino where the foregoing person is prohibited from participating in sports wagering;

(vii) any individual with access to non-public confidential information about sports wagering;

(viii) any amateur or professional athlete if the sports wager is based on any sport or athletic event overseen by the athlete's sports governing body;

(ix) any sports agent, owner or employee of a team, player and umpire union personnel, and employee referee, coach or official of a sports governing body, if the sports wager is based on any sport or athletic event overseen by the individual's sports governing body;

(x) any individual placing a wager as an agent or proxy for an otherwise prohibited sports bettor; or

(xi) any minor;

(n) "Prohibited sports event" means any high school sport or athletic event;

(o) "Sports event" means any professional sport or athletic event and any collegiate sport or athletic event, except a prohibited sports events or a horse racing event;

(p) "Sports governing body" means the organization that prescribes final rules and enforces codes of conduct with respect to a sporting event and participants therein;

(q) "Sports pool" means the business of accepting wagers on any sports event by any system or method of wagering;

(r) "Sports wager" means cash or cash equivalent that is paid by an authorized sports bettor to a casino to participate in sports wagering offered by such casino;

(s) "Sports wagering" means wagering on sporting events or any portion thereof, or on the individual performance statistics of athletes participating in a sporting event, or combination of sporting events, by any system or method of wagering, including, but not limited to, in-person communication and electronic communication through internet websites accessed via a mobile device or computer and mobile device applications. The term "sports wagering" shall include, but is not limited to, single-game bets, teaser bets, parlays, over-under bets, moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets and straight bets; and

(t) "Sports wagering gross revenue" means: (i) the amount equal to the total of all sports wagers not attributable to prohibited sports events that an operator collects from all players, less the total of all sums

not attributable to prohibited sports events paid out as winnings to all sports bettors, however, that the total of all sums paid out as winnings to sports bettors shall not include the cash equivalent value of any merchandise or thing of value awarded as a prize; or (ii) in the case of exchange wagering pursuant to this section, the commission on winning sports wagers by authorized sports bettors retained by the operator. The issuance to or wagering by authorized sports bettors at a casino of any promotional gaming credits shall not be taxable for the purposes of determining sports wagering gross revenue.

2. (a) No casino shall administer, manage, or otherwise make available a mobile sports wagering platform to persons located in New York state unless registered with the commission pursuant to this section. A casino may use multiple mobile sports wagering platforms provided that each platform has been reviewed and approved by the commission. A casino may contract with one or more independent operators to provide its mobile sports wagering platforms, but shall not contract with more than three independent operators.

(b) Registrations issued by the commission shall remain in effect for five years. The commission shall establish a process for renewal.

(c) The commission shall publish a list of all casinos registered to offer mobile sports wagering in New York state pursuant to this section on the commission's website for public use.

(d) The commission shall promulgate regulations to implement the provisions of this section, including the development of the initial form of the application for registration. Such regulations shall provide for the registration and operation of mobile sports wagering in New York state and shall include, but not be limited to, responsible protections with regard to compulsive play and safeguards for fair play.

3. In the event that a casino contracts with one or more independent operators to provide its mobile sports wagering platforms, each independent entity shall obtain a license as a casino vendor enterprise prior to the execution of any such contract, and such license shall be issued pursuant to the provisions of section one thousand three hundred twenty-seven of this article and in accordance with the regulations promulgated by the commission.

4. (a) As a condition of registration in New York state, each operator shall implement the following measures:

(i) limit each authorized sports bettor to one active and continuously used account on their platform, and prevent anyone they know, or should have known to be a prohibited sports bettor from maintaining accounts or participating in any sports wagering offered by such operator;

(ii) adopt appropriate safeguards to ensure, to a reasonable degree of certainty, that authorized sports bettors are physically located within the state when engaging in mobile sports betting;

(iii) prohibit minors from participating in any sports wagering, which includes:

(1) if an operator becomes or is made aware that a minor has created an account, or accessed the account of another, such operator shall promptly, within no more than two business days, refund any deposit received from the minor, whether or not the minor has engaged in or attempted to engage in sports wagering; provided, however, that any refund may be offset by any prizes already awarded;

(2) each operator shall provide parental control procedures to allow parents or guardians to exclude minors from access to any sports wagering or platform. Such procedures shall include a toll-free number to call for help in establishing such parental controls; and

(3) each operator shall take appropriate steps to confirm that an individual opening an account is not a minor;

(iv) when referencing the chances or likelihood of winning in advertisements or upon placement of a sports wager, make clear and conspicuous statements that are not inaccurate or misleading concerning the chances of winning and the number of winners;

(v) enable authorized sports bettors to exclude themselves from sports wagering and take reasonable steps to prevent such bettors from engaging in sports wagering from which they have excluded themselves;

(vi) permit any authorized sports bettor to permanently close an account registered to such bettor, on any and all platforms supported by such operator, at any time and for any reason;

(vii) offer introductory procedures for authorized sports bettors, that shall be prominently displayed on the main page of such operator platform, that explain sports wagering;

(viii) implement measures to protect the privacy and online security of authorized sports bettors and their accounts;

(ix) offer all authorized sports bettors access to his or her account history and account details;

(x) ensure authorized sports bettors' funds are protected upon deposit and segregated from the operating funds of such operator and otherwise protected from corporate insolvency, financial risk, or criminal or civil actions against such operator;

(xi) list on each website, in a prominent place, information concerning assistance for compulsive play in New York state, including a toll-free number directing callers to reputable resources containing further information, which shall be free of charge; and

(xii) ensure no sports wagering shall be based on a prohibited sports event.

(b) Operators shall not directly or indirectly operate, promote, or advertise any platform or sports wagering to persons located in New York state unless registered pursuant to this article.

(c) Operators shall not offer any sports wagering based on any prohibited sports event.

(d) Operators shall not permit sports wagering by anyone they know, or should have known, to be a prohibited sports bettor.

(e) Advertisements for contests and prizes offered by an operator shall not target prohibited sports bettors, minors, or self-excluded persons.

(f) Operators shall prohibit the use of third-party scripts or scripting programs for any contest and ensure that measures are in place to deter, detect and, to the extent reasonably possible, prevent cheating, including collusion, and the use of cheating devices, including use of software programs that submit sports wagers unless otherwise approved by the commission.

(g) Operators shall develop and prominently display procedures on the main page of such operator's platform for the filing of a complaint by an authorized sports bettor against such operator. An initial response shall be given by such operator to such bettor filing the complaint within forty-eight hours. A complete response shall be given by such operator to such bettor filing the complaint within ten business days. An authorized sports bettor may file a complaint alleging a violation of the provisions of this article with the commission.

(h) Operators shall maintain records of all accounts belonging to authorized sports bettors and retain such records of all transactions in such accounts for the preceding five years.

(i) The server or other equipment which is used by an operator to accept mobile sports wagering shall be located in the licensed gaming facility in accordance with regulations promulgated by the commission.

5. (a) Subject to regulations promulgated by the commission, casinos may enter into agreements with affiliates to allow for authorized bettors to sign up to create and fund accounts on their mobile sports wagering platform or platforms.

(b) Authorized sports bettors may sign up to create their account on a mobile sports wagering platform in person at a casino or an affiliate of a casino, or through internet websites accessed via a mobile device or computer, or mobile device applications.

(c) Authorized sports bettors may deposit and withdraw funds in their account on a mobile sports wagering platform in person at a casino or an affiliate of a casino, electronically recognized payment methods, or any other means approved by the commission.

(d) In accordance with regulations promulgated by the commission, casinos may enter into agreements with affiliates to locate self-service mobile sports betting kiosks, which are owned, operated and maintained by the casino, and connected via the internet to the casino, upon the premises of the affiliate.

§ 3. Section 104 of the racing, pari-mutuel wagering and breeding law is amended by adding a new subdivision 24 to read as follows:

24. To regulate sports wagering in New York state.

§ 4. Subdivision 15 of section 1401 of the racing, pari-mutuel wagering and breeding law, as added by chapter 237 of the laws of 2016, is amended to read as follows:

15. "Prohibited sports event" shall mean any [~~collegiate sport or athletic event, any~~] high school sport or athletic event or any horse racing event.

§ 5. Severability clause. If any provision of this act or application thereof shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of the act, but shall be confined in its operation to the provision thereof directly involved in the controversy in which the judgment shall have been rendered.

§ 6. This act shall take effect on the same date and in the same manner as section 1367 of the racing, pari-mutuel wagering and breeding law pursuant to subdivision (c) of section 52 of chapter 174 of the laws of 2013, takes effect.