

STATE OF NEW YORK

1962

2023-2024 Regular Sessions

IN SENATE

January 17, 2023

Introduced by Sen. ADDABBO -- read twice and ordered printed, and when printed to be committed to the Committee on Racing, Gaming and Wagering

AN ACT to amend the racing, pari-mutuel wagering and breeding law, in relation to the definition of wager and the licensing of mobile sports wagering operators

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

1 Section 1. Paragraph (w) of subdivision 1 of section 1367 of the
2 racing, pari-mutuel wagering and breeding law, as amended by section 3
3 of part Y of chapter 59 of the laws of 2021, is amended to read as
4 follows:

5 (w) "Sports wager" means cash [~~or~~], cash equivalent or thing of value
6 that is paid by an authorized sports bettor to a casino or a mobile
7 sports wagering licensee to participate in sports wagering offered by
8 such casino or mobile sports wagering licensee;

9 § 2. Paragraph (y) of subdivision 1 of section 1367 of the racing,
10 pari-mutuel wagering and breeding law, as amended by section 3 of part Y
11 of chapter 59 of the laws of 2021, is amended to read as follows:

12 (y) "Sports wagering gross revenue" means: [~~+~~] the amount equal to
13 the total of all sports wagers not attributable to prohibited sports
14 events that a casino or mobile sports wagering licensee collects from
15 all sports bettors, excluding wagers placed with promotional wagering
16 credits or other things of value, less the total of all sums not attrib-
17 utable to prohibited sports events paid out as winnings to all sports
18 bettors, however, that the total of all sums paid out as winnings to
19 sports bettors shall not include the cash equivalent value of any
20 merchandise or thing of value awarded as a prize, and less all excise
21 taxes on sports wagers not attributable to prohibited sports events paid
22 pursuant to federal law;

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

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1 § 3. Subdivision 7 of section 1367 of the racing, pari-mutuel wagering
2 and breeding law, as added by section 3 of part Y of chapter 59 of the
3 laws of 2021, is amended to read as follows:

4 7. For the privilege of conducting sports wagering in the state, casin-
5 nos shall pay a tax equivalent to ten percent of their sports wagering
6 gross gaming revenue, excluding sports wagering gross gaming revenue
7 attributed to mobile sports wagering offered pursuant to section thir-
8 teen hundred sixty-seven-a of this title. Platform providers shall pay a
9 tax constituting a certain percentage of the sports wagering gross
10 gaming revenue attributed to mobile sports wagering offered through such
11 platform provider's platform pursuant to section thirteen hundred
12 sixty-seven-a of this title; provided however, that such percentage
13 shall be determined [~~pursuant to a competitive bidding process conducted~~
14 ~~by the commission~~] as outlined in subdivision seven of section thirteen
15 hundred sixty-seven-a of this title; and provided further, that such
16 percentage shall be no lower than twelve percent. [~~When awarding a~~
17 ~~license pursuant to section thirteen hundred sixty seven a of this~~
18 ~~title, the commission may set graduated tax rates, provided however,~~
19 ~~that any such tax rates may not be lower than the minimum rate estab-~~
20 ~~lished in this subdivision.~~] This tax shall be in lieu of all other
21 state and local taxes and fees imposed on the operation of, or the
22 proceeds from, the operation of sports wagering, except as provided in
23 this section and section thirteen hundred sixty-seven-a of this title.

24 § 4. Subdivision 8 of section 1367 of the racing, pari-mutuel wagering
25 and breeding law, as added by section 3 of part Y of chapter 59 of the
26 laws of 2021, is amended to read as follows:

27 8. Notwithstanding section thirteen hundred fifty-one of this article,
28 mobile sports wagering gross gaming revenue and tax revenue shall be
29 excluded from sports wagering gross gaming revenue and tax revenue.
30 Mobile sports wagering tax revenue shall be separately maintained and
31 returned to the state for deposit into the state lottery fund for educa-
32 tion aid except as otherwise provided in this subdivision. Any interest
33 and penalties imposed by the commission relating to those taxes, all
34 penalties levied and collected by the commission, and the appropriate
35 funds, cash or prizes forfeited from sports wagering shall be deposited
36 into the state lottery fund for education. In the first fiscal year in
37 which mobile sports wagering licensees commence operations and accept
38 mobile sports wagers pursuant to this section, the commission shall pay
39 into the commercial gaming fund one percent of the state tax imposed on
40 mobile sports wagering by this section to be distributed for problem
41 gambling education and treatment purposes pursuant to paragraph a of
42 subdivision four of section ninety-seven-nnnn of the state finance law;
43 provided however, that such amount shall be equal to six million dollars
44 for each fiscal year thereafter. In the first fiscal year in which
45 mobile sports wagering licensees commence operations and accept mobile
46 sports wagers pursuant to this section, the commission shall pay one
47 percent of the state tax imposed on mobile sports wagering by this
48 section to the general fund, a program to be administered by the office
49 of children and family services for a statewide youth sports activities
50 and education grant program for the purpose of providing annual awards
51 to sports programs for underserved youth under the age of eighteen
52 years; provided however, that such amount shall be equal to five million
53 dollars for each fiscal year thereafter. The commission shall require at
54 least monthly deposits by a platform provider of any payments pursuant
55 to subdivision seven of this section, at such times, under such condi-
56 tions, and in such depositories as shall be prescribed by the state

1 comptroller. In a month when the amount of sports wagering gross revenue for a platform provider is a negative number, such platform provider may carry over the negative amount to the return filed for the subsequent month. However, no amount shall be carried over for a period of more than twelve months after the month in which the amount carried over was originally due. The deposits shall be deposited to the credit of the
7 state commercial gaming revenue fund. The commission shall require a
8 monthly report and reconciliation statement to be filed with it on or
9 before the tenth day of each month, with respect to gross revenues and
10 deposits received and made, respectively, during the preceding month.

11 § 5. Subdivision 7 of section 1367-a of the racing, pari-mutuel wagering and breeding law, as added by section 4 of part Y of chapter 59 of the laws of 2021, is amended and two new subdivisions 8 and 9 are added to read as follows:

15 7. A platform provider may be licensed by the commission only after
16 having been selected for potential licensure by the commission following
17 a competitive bidding process in which the commission shall issue a
18 request for applications no later than July first, two thousand twenty-one; provided however, that the deadline for submission of applications shall be no later than thirty days after the date upon which the commission issues such request for applications.

22 (a) The commission shall select platform providers based upon the
23 criteria set forth in this section no later than one hundred fifty days,
24 to the extent practicable, after the final application is received. The
25 commission may disqualify applicants from licensure consideration if the
26 applicant or the mobile sports wagering operator or operators included
27 in their bid have not satisfied provision of required application information, fail to meet any platform provider and mobile sports wagering operator eligibility criteria established pursuant to the request for applications, or are deemed by the commission to have not satisfied the criteria pursuant to subdivision five of this section.

32 (a-1) The commission shall publish on its website the criteria that
33 will be used to score applications based upon the criteria set forth in
34 paragraph (c) of this subdivision; provided however, that such scoring
35 methodology shall award additional points to an applicant that has
36 entered into an agreement that includes revenue sharing related to such
37 mobile sports wagering with compacted Native American tribe(s) or
38 nation(s).

39 (b) The commission shall determine the form of application for
40 bidders, which shall require, at a minimum, the following information:

41 (i) Different scenarios for the number of platform providers and
42 number of mobile sports wagering operators licensed by the commission.
43 For each scenario, this shall include estimates of mobile sports wagering gross gaming revenue and the bases for such estimates [~~the percentage of gross revenue from mobile sports wagering the applicant will pay to the state for the privilege of licensure if chosen~~], and the percentage of overall mobile sports wagering gross gaming revenue estimated to
48 be generated;

49 (ii) The number of mobile sports wagering operators the applicant will
50 host on its mobile sports wagering platform, if the applicant is
51 licensed as a platform provider;

52 (iii) A description of how the applicant will use technology to ensure
53 all bettors are physically within approved locations within the state,
54 that any wager is accepted through equipment physically located at a
55 licensed gaming facility and that necessary safeguards against abuses
56 and addictions are in place;

1 (iv) The applicant and any associated operators such applicant
2 proposes in its application possess the qualifications, capabilities and
3 experience to provide a mobile sports wagering platform;

4 (v) A list of all jurisdictions where the applicant and parent compa-
5 ny, and mobile sports wagering operator or operators and parent company
6 or companies have been licensed or otherwise authorized by contract or
7 otherwise to conduct sports wagering operations. This shall include the
8 applicant and its mobile sports wagering operator or operators' experi-
9 ence in such other markets;

10 (vi) Player acquisition model, advertising and affiliate programs and
11 marketing budget, including details on how the applicant and its mobile
12 sports wagering operator or operators will convert customers from wager-
13 ing through illegal channels to wagering legally in the state;

14 (vii) Timeframe to implement mobile sports wagering from award of
15 license;

16 (viii) The applicant and mobile sports wagering operator or operators'
17 capacity to bring authorized sports bettors into their mobile sports
18 wagering platform; and

19 (ix) Integrity monitoring and reporting including any current affil-
20 iations related to integrity monitoring.

21 (c) In determining whether an applicant shall be eligible for a plat-
22 form provider license, the commission shall evaluate how each applicant
23 proposes to maximize sustainable, long-term revenue for the state by
24 evaluating the following factors:

25 (i) A market analysis detailing the benefits of the applicant's bid as
26 it relates to maximizing revenue to the state;

27 (ii) Estimates of mobile sports wagering gross gaming revenue gener-
28 ated by the applicant under different scenarios;

29 (iii) The percentage of mobile sports wagering gross gaming revenue to
30 be paid to the state under different scenarios pursuant to paragraph (d)
31 of this subdivision;

32 (iv) The potential market share of the mobile sports wagering operator
33 or operators under different scenarios;

34 (v) Advertising and promotional plans of the mobile sports wagering
35 operator or operators;

36 (vi) Past experience and expertise in the market of the applicant and
37 any mobile sports wagering operator or operators which are part of such
38 applicant's application;

39 (vii) The applicant's capacity to rapidly and effectively bring
40 authorized sports bettors into its platform;

41 (viii) A demonstration of how and to what degree the applicant fosters
42 racial, ethnic, and gender diversity in its workforce;

43 (ix) Timeframe to implement mobile sports wagering from award of
44 license;

45 (x) Any other factors that could impact the integrity, sustainability
46 or safety of the mobile sports wagering system; and

47 (xi) Any other factors that could impact revenue to the state.

48 (d) The commission shall award a license to [~~each of the two~~] the
49 highest scoring platform providers that submit applications; provided
50 however, that such awards shall require that [~~both~~] winning platform
51 providers pay the same tax rate; and provided further, that the commis-
52 sion shall require that no less than [~~four~~] fourteen mobile sports
53 wagering operators will be operating in the state by January thirty-
54 first, two thousand twenty-four and sixteen by January thirty-first, two
55 thousand twenty-five. In the event that the commission fails to approve
56 the required number of operators by these deadlines, it shall not inter-

1 fere with the ability of previously licensed platforms or operators from
2 continuing to operate in the state. The commission may award additional
3 licenses if it determines that such additional awards are in the best
4 interests of the state~~[, provided however, that any additional platform~~
~~5 providers awarded licenses must also agree to pay the same tax rate as~~
~~6 those platform providers that were initially awarded licenses by the~~
~~7 commission].~~ The award of any such license shall require each applicant
8 to remit the [highest] percentage of gross gaming revenue from mobile
9 sports wagering [contained in an applicant's bid selected by the commis-
10 sion considered for licensure. A qualified applicant shall be afforded
11 the ability to revise its bid in any such manner in order for such bid
12 to meet the percentage of gross gaming revenue from mobile sports wager-
13 ing as required by the commission for license award, provided that the
14 bid does not incorporate any additional operators not already included
15 in the bid; and provided however that it is not determined by the
16 commission that the revised bid no longer meets all requirements and
17 criteria established pursuant to this section and the request for appli-
18 cations. Any applicant that does not revise its bid to meet the percent-
19 age of gross gaming revenue from mobile sports wagering required by the
20 commission for license award shall not be awarded a license.] based on
21 the number of licensed mobile sports wagering operators as listed below:

- 22 4-5 operators.....sixty-four percent (64%)
- 23 6 operators.....sixty-two percent (62%)
- 24 7 operators.....sixty percent (60%)
- 25 8 operators.....fifty-eight percent (58%)
- 26 9 operators.....fifty-one percent (51%)
- 27 10-12 operators.....fifty percent (50%)
- 28 13-14 operators.....thirty-five percent (35%)
- 29 15 or more operators.....twenty-five percent (25%)

30 8. Pursuant to subdivision seven of this section, the commission shall
31 award no fewer than fourteen mobile sports wagering licenses by January
32 thirty-first, two thousand twenty-four and no fewer than sixteen by
33 January thirty-first, two thousand twenty-five.

34 (a) The commission shall accept applications for mobile sports wager-
35 ing licenses issued pursuant to this subdivision at the earlier of thir-
36 ty days after all mobile sports wagering licensees awarded a license
37 pursuant to subdivision seven of this section commence operations or
38 September first, two thousand twenty-two.

39 (b) Applicants that participated in the request for proposal issued
40 pursuant to subdivision seven of this section and not awarded a mobile
41 sports wagering license shall automatically be eligible to reapply for
42 consideration pursuant to this subdivision. The commission shall only
43 accept such applications electronically and will give priority to the
44 review and scoring of reapplying applicants.

45 (i) Nothing herein shall prohibit a platform provider that did not
46 previously respond to the request for application from applying. New
47 applicants shall submit applications demonstrating the criteria outlined
48 in paragraphs (a-1), (b), and (c) of subdivision seven of this section.

49 (ii) Any applicant for a mobile sports wagering license pursuant to
50 this subdivision shall satisfy any requirements in the request for
51 application concerning possessing qualifications, capabilities and expe-
52 rience to provide a mobile sports wagering platform, pursuant to subpar-
53 agraphs (iv) and (v) of paragraph (b) and subparagraph (vi) of paragraph
54 (c) of subdivision seven of this section, if there is an entity
55 comprised of no more than six individuals qualified as members of a
56 minority group as defined by subdivision eight of section three hundred

1 ten of the executive law with a direct or indirect economic interest of
2 at least five percent in the applicant. The commission shall advance for
3 licensure at least two applicants having such qualified minority invest-
4 ment.

5 (c) The commission shall make determinations to award a license or
6 disqualify the applicant on a rolling basis to expedite issuance of
7 additional licenses and maximize revenue to the state.

8 (d) As a condition of licensure pursuant to this subdivision, the
9 commission shall require that each platform provider authorized to
10 conduct mobile sports wagering pay a one-time fee of twenty-five million
11 dollars and each operator authorized to conduct mobile sports wagering
12 on a platform licensed pursuant to subdivision seven of this section
13 shall pay a fee of fifty million dollars. Such fee shall be paid within
14 thirty days of commission approval prior to license issuance and depos-
15 ited into the state lottery fund for education aid.

16 9. (a) An authorized sports bettor may make use of promotional wager-
17 ing credits for purposes of placing a sports wager. Promotional wagering
18 credit may include, but is not limited to, free plays, deposit matches
19 and any other bonus that a mobile sports wagering operator offers or
20 gives to a patron as an incentive.

21 (b) A mobile sports wagering operator may exclude sports wagers that
22 were placed using promotional wagering credit from its sports wagering
23 gross revenue.

24 § 6. This act shall take effect immediately.