

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia to authorize sports wagering in the District of Columbia.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Sports Wagering Lottery Amendment Act of 2018”.

Sec. 2. The Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3-172; D.C. Official Code § 3-1301 *passim*), is amended as follows:

(a) Section 3 (D.C. Official Code §§ 22-1716 through 22-1718) is designated as Title I. LOTTERIES AND GAMBLING GENERAL LEGALIZATION.”.

(b) Section 4 (D.C. Official Code §§ 3-1301 through 3-1337) is designated as Title II. LOTTERIES AND GAMBLING GENERALLY.”.

(c) The newly designated Title I is amended as follows:

(1) Section 3 (D.C. Official Code § 22-1716) is amended by striking the phrase “and Monte Carlo night parties,” and inserting the phrase “Monte Carlo night parties, and sports wagering,” in its place.

(2) Section 3 (D.C. Official Code § 22-1717) is amended as follows:

(A) Strike the phrase “Lottery and Charitable Games Control Board; bingo,” and insert the phrase “Office of Lottery and Gaming, including bingo,” in its place.

(B) Strike the phrase “regulated by the District of Columbia Lottery and Charitable Games Control Board” and insert the phrase “regulated by the Office of Lottery and Gaming, or sports wagering regulated, licensed, or operated by the Office of Lottery and Gaming.” in its place.

(3) Section 3(a) (D.C. Official Code § 22-1718(a)) is amended as follows:

(A) Strike the phrase “hereof, and the sale” and insert the phrase “the sale” in its place.

(B) Strike the phrase “hereof.” and insert the phrase “or the sale, lease, purchase, or possession of tickets, slips, certificates, or cards for sports wagering excepted and permissible pursuant to § 22-1717.” in its place.

(d) The newly designated Title II is amended as follows:

(1) Section 4 (D.C. Official Code § 3-1301) is amended as follows:

(A) Subsection (a) is amended by striking the phrase “and Charitable Games” and inserting the phrase “and Gaming ” in its place.

(B) Subsection (b) is amended by striking the phrase “and Charitable Games” and inserting the phrase “and Gaming ” in its place.

(C) Subsection (c) is amended to read as follows:

“(c) For the purposes of this act, the term:

“(1) “Board” means the District of Columbia Lottery and Charitable Gaming Control Board established by this section.

(2) “CBE act” means the Small and Certified Business Enterprise Development and Assistance Act of 20015, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code 2-218.01 *et seq.*).

“(3) “CBE plan” means the plan required by applicants for sports wagering licenses pursuant to section 305(g).

“(4) “Certified business enterprise” or “CBE” shall have the same meaning as provided in section 2302(1D) of the CBE act.

“(5) “Commercially useful function” shall have the same meaning as provided in section 2302(1G) of the CBE act.

“(6) “CFO” means the Chief Financial Officer of the District of Columbia.

“(7) “Disadvantaged business enterprise” or “DBE” shall have the same meaning as provided in section 2302(5) of the CBE act.

“(8) “DSLBD” means the Department of Small and Local Business Development.

“(9) “Gross sports wagering revenue” means the total of cash or cash equivalents received from sports wagering minus the total of:

“(A) Cash or cash equivalents paid to players as a result of sports wagering;

“(B) Cash or cash equivalents paid to purchase annuities to fund prizes payable to players over a period of time as a result of sports wagering;

“(C) The actual cost paid by the license holder for any personal property distributed to a player as a result of sports wagering, excluding travel expenses, food, refreshments, lodging, and services.

“(10) “Joint venture” shall have the same meaning as provided in section 2302(11) of the CBE act.

“(11) “Majority interest” means:

“(A) More than 50% of the total combined voting power of all classes of stock of the joint venture business enterprise or more than 50% of the total value of the joint venture business enterprise;

“(B) A financial contribution to the enterprise of more than 50%; or

“(C) More than 50% of the total interest in the capital, profits, and loss, or beneficial interest in the joint venture business enterprise.

“(12) “Office” means the Office of Lottery and Gaming established by this section.

“(13) “Operator” means an individual, group of individuals, or entity that holds a sports wagering operator license issued by the District.

“(14) “Resident-owned business” or “ROB” shall have the same meaning as provided in section 2302(15) of the CBE act.

“(15) “Small Business Enterprise” or “SBE” shall have the same meaning as provided in section 2302(16) of the CBE act.

“(16) “Sports governing body” means the governing body for a sports league that is registered with the Office, including, if registered, Major League Baseball, Major League Soccer, National Basketball Association, National Football League, National Hockey League, and the Women’s National Basketball Association.

“(17) “Sports wagering” means accepting wagers on sporting events, or a portion of a sporting event, or on the individual performance statistics of an athlete in a sporting event or combination of sporting events, including single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, straight bets, or other means by a system or method of wagering, including in-person or over the internet through websites or on mobile devices. The term “sports wagering” does not include any fantasy or simulated game or contest such as fantasy sports in which:

“(A) Participants own, manage, or coach imaginary teams;

“(B) All prizes and awards offered to winning participants are established and made known to participants in advance of the game or contest;

“(C) The winning outcome of the game or contest reflects the relative skill of the participants and is determined by statistics generated by actual individuals, including athletes in the case of a sporting event; and

“(D) No winning outcome is based solely on the performance of an individual athlete or on the score, point spread, or any performance of any single real-world team or any combination of real-world teams.

“(18) “Sports wagering equipment” means a mechanical, electronic, or other device, mechanism, or other gaming equipment, and related supplies used or consumed in the operation of sports wagering at a licensed sports wagering facility, including a self-service terminal installed to accept sports wagers.

“(19) “Sports wagering facility” means a gaming premises approved under a sports wagering license on which an operator may offer sports wagering and which may be a building or set of buildings or a subsection or subdivision of a single building, room, or set of rooms within a building.

“(20) “Operator license” means a sports wagering operator license issued by the Office that authorizes the operation of sports wagering, including sports wagering conducted over the internet or through mobile applications or other digital platforms that is initiated and received, or otherwise made, exclusively within the physical confines of the single approved sports wagering facility.

“(21) “Wager” means the betting, staking, or risking by an individual, group of individuals, or entity of something of value upon an agreement or understanding that the individual, group of individuals, or entity or another individual, group of individuals, or entity will receive something of value in the event of a certain outcome. The term “wager” does not include:

“(A) An activity governed by the securities laws of the United States or the District of Columbia;

“(B) A contract of indemnity or guarantee;

“(C) A contract for insurance; or

“(D) Participation in a game or contest in which the participants do not stake or risk anything of value other than personal effort in playing the game or contest or obtaining access to the internet, points, or credits that the sponsor of the game or contest provides to participants free of charge and that can be used or redeemed only for participation in games or contests offered by the sponsor.”.

(2) Section 4 (D.C. Official Code § 3-1303) is amended by adding a new subsection (c) to read as follows:

“(c) To obtain a sports wagering license, the Office may require fingerprinting of the individual, or group of individuals, seeking to obtain a sports wagering license.”.

(3) Section 4 (D.C. Official Code § 3-1305) is amended striking the phrase “or Monte Carlo night party” wherever it appears and inserting the phrase “Monte Carlo night party, or sports wagering” in its place.

(4) Section 4(a) (D.C. Official Code § 3-1306(a)) is amended by striking the phrase “enterprises; for insuring” and inserting the phrase “enterprises; for auditing the books and records of sports wagering licensees; for insuring” in its place.

(5) Section 4 (D.C. Official Code § 3-1309) is amended by striking the phrase “and Monte Carlo Night parties,” and inserting the phrase “Monte Carlo Night parties, and authorized sports wagering,” in its place.

(6) Section 4 (D.C. Official Code § 3-1312) is amended as follows:

(A) The heading is amended read as follows:

“Section 2-2512. Lottery, Charitable Games, and Sports Wagering Fund.”.

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(B) Subsection (a) is amended by striking the phrase “Lottery and Charitable Games Fund” and inserting the phrase “Lottery, Charitable Games, and Sports Wagering Fund” in its place.

(C) Subsection (c) is amended by striking the phrase “District of Columbia.” and inserting the phrase “District of Columbia or as otherwise directed by this act.”

(7) Section 4(a) (D.C. Official Code § 3-1316(a)) is amended by striking the word “Board” both times it appears and inserting the word “Office” in its place.

(8) Section 4 (D.C. Official Code § 3-1319) is amended by striking the phrase “and daily numbers games.” and inserting the phrase “, daily numbers games, and sports wagering.” in its place.

(e) A new Title III is added to read as follows:

“TITLE III. SPORTS WAGERING.

“Sec. 301 . Authorization of sports wagering.

“The operation of sports wagering and related activities shall be lawful in the District of Columbia and conducted in accordance with this title, and rules and regulations issued pursuant to this title.

“Sec. 302. Rules and regulations governing conduct of sports wagering.

“(a) To ensure fair and honest play in sports wagering and to protect the economic welfare and interests of the District and participants of sports wagering, the CFO, or delegate, shall adopt rules and regulations governing the conduct of sports wagering, which shall include the following:

“(1) Acceptance of wagers on a sports event or a series of sports events;

“(2) Maximum wagers that may be accepted by an operator from any one individual or on a sports event;

“(3) Type of wagering tickets that may be used;

“(4) Method of issuing tickets;

“(5) Method of accounting to be used by an operator;

“(6) Requirements relating to how fees and taxes are to be remitted, including whether the fees and taxes shall be required to be remitted electronically;

“(7) Methods of age verification;

“(8) Posting of house rules;

“(9) Player exclusion requirements;

“(10) Facilities to be used by operators;

“(11) Types of records that shall be required to be maintained;

“(12) Use of credit and checks;

“(13) Type of system for sports wagering;

“(14) Protections for an individual placing a wager;

“(15) Requirements for training the employees of an operator concerning compulsive and problem gambling, and for displaying on an operator’s website and sports

wagering facility information about available programs to prevent, treat, or monitor compulsive or problem gambling;

“(16) Advertising guidelines, including specific language concerning minors; and

“(17) Reporting of the sources of data that operators use to resolve sports wagers.

“(b)(1) The Office shall establish internal control standards for the administration of sports wagering, sports wagering equipment and systems, or other items used to conduct sports wagering, as well as maintenance of financial records and other required records.

“(2) The Office shall solicit input from the Alcoholic Beverage Regulation Administration and the Alcoholic Beverage Control Board on suggestions for regulations to minimize underage drinking and sports wagering by visibly intoxicated patrons.

“(c) Sports wagering shall occur only in the specific locations within a designated sports wagering facility approved by the Office and may only be relocated or offered in an additional manner pursuant to regulation.

“Sec. 303. Public-private cooperation.

“(a) In recognition that governmental and private sector cooperation is essential to ensuring the integrity of sports wagering in the District and for resolving problems that may arise that have the potential to diminish the benefits of sports wagering to the District and its residents, the Office may by rule encourage operators and sports leagues to share information with the Office and each other pertaining to sports wagering, such as abnormal betting activity or patterns, the possible breach of a sports league’s internal rules or codes of conduct, conduct that corrupts the betting outcome of a sporting event, suspicious or illegal wagering, the use of funds derived from illegal activity, the use of agents to place wagers, or using false identification, and to cooperate with the Office, or other District entity, in an investigation relating to sports wagering that may be conducted by the District.

“(b)(1) The Office may enter into intelligence-sharing, reciprocal-use, or restricted-use agreements with the federal government, state, or local governments, law enforcement agencies, gaming enforcement agencies of other jurisdictions, and sports leagues that provide for and regulate the use of information provided and received pursuant to the agreement.

“(2) Records, documents, and information in the possession of the Office received pursuant to an intelligence-sharing, reciprocal-use, or restricted-use agreement shall be considered investigative records compiled for law-enforcement purposes under section 204(a)(3) Freedom of Information Act of 1976, effective March 13, 2004 (D.C. Law 15-105; D.C. Official Code § 2-534(a)(3)).

“Sec. 304. Unlawful acts; action by Attorney General.

“(a)(1) It shall be unlawful for an operator, or other individual, group of individuals, or entity, without authorization to access, use, modify, or disclose personal information of an individual who places a sports wager with the operator (“unlawful acts”), and for the operator to fail to maintain reasonable security procedures and practices against such unlawful acts.

“(2) A violation of paragraph (1) of this subsection shall be an unlawful trade practice within the meaning of Chapter 39 of Title 28 of the District of Columbia Official Code.

An individual, group of individuals, or entity found to have violated this provision shall be subject to the remedies set forth in D.C. Official Code § 28-3909.

“(b)(1) No operator, or director, office, owner, or employee of an operator, may intentionally make a false or misleading representation concerning the operator’s services or business, including relating to the probability of winning or the number of winners for a wager accepted by the operator.

“(2) An individual, group of individuals, or entity claiming to be aggrieved by a fraudulent act or a false or misleading statement by an operator shall have a cause of action in a court of competent jurisdiction for damages and any legal or equitable relief as may be appropriate.

“(c) The Attorney General for the District of Columbia, in the name of the District of Columbia, may bring an action in the Superior Court of the District of Columbia to enjoin an individual, group of individuals, or entity or to seek a civil penalty of up to \$50,000 for a violation of this title or regulations issued pursuant to this title.

“Sec. 305. Sports wagering license requirements; prohibition.

“(a)(1) Except as provided in subsection (f) of this section, no individual, group of individuals, or entity may engage in an activity connected with sports wagering in the District of Columbia unless all the licenses required by this title, or by regulations issued pursuant to this title, have been duly obtained.

“(2) An applicant convicted of a disqualifying offense shall not be licensed. The Office shall define disqualifying offenses by regulations issued pursuant to this title.

“(3) An applicant may apply for up to but no more than 2 sports wagering licenses, unless, that applicant agrees to subcontract with a joint venture or subcontract with a CBE for any additional licenses.”.

“(b)(1) The Office shall issue the following sports wagering licenses:

“(A) Operator;

“(B) Management services provider;

“(C) Supplier; and

“(D) Occupational.

“(2)(A) The Office shall not grant any of the licenses listed in paragraph (1) of this subsection until it has determined that each individual, group of individuals, or entity that has control of the applicant has been approved for licensure in accordance with this title.

“(B) Each operator’s license shall be limited to a single sports wagering facility.

“(C) For the purposes of this paragraph, the following individuals, groups of individuals, and entities are considered to have control of an applicant:

“(i) An individual, group of individuals, or entity associated with a corporate applicant, including a corporate holding company, parent company, or subsidiary company of the applicant that has the ability to control the activities of the corporate applicant or elect a majority of the board of directors of that corporation, excluding any bank or other

licensed lending institution that holds a mortgage or other lien acquired in the ordinary course of business;

“(ii) Each individual, group of individuals, or entity associated with a non-corporate applicant that directly or indirectly holds a 5% or greater beneficial or proprietary interest in the applicant’s business operation, or that the Office otherwise determines has the ability to control the applicant; and

“(iii) Key personnel of an applicant, such as an executive, employee, or agent having the power to exercise significant influence over decisions concerning any part of the applicant’s business operation.

“(c)(1) An applicant for a license or renewal of a license issued pursuant to this title shall be subject to District, state, and national criminal history background checks and shall submit an application to the Office, in a form determined by the Office, for fingerprints for a national criminal records check by the Metropolitan Police Department and the Federal Bureau of Investigation of all individuals required to be named in the application and a signed authorization of each individual submitting fingerprints for the release of information by the Metropolitan Police Department and the Federal Bureau of Investigation.

“(2) In the case of an application for license renewal, the Office may require additional background checks.

“(d) Proprietary information, trade secrets, financial information, or personal information about an individual in an application submitted to the Office pursuant to this title shall not be a public record and shall not be made available under the Freedom of Information Act of 1976, effective March 29, 1977 (D.C. Law 1-96; D.C. Official Code § 2-531 *et. seq.*), or any other law.

“(e)(1)(A) An operator, licensed supplier, or licensed management services provider shall display its District of Columbia license conspicuously in its sports wagering facility or conspicuously on its mobile application or online and have the license available for inspection by an employee of the Office or law enforcement agency.

“(B) When present in a sports wagering facility, an occupational licensee shall carry the license and have some indicia of licensure prominently displayed on his or her person.

“(2) An individual, group of individuals, or entity licensed pursuant to this title shall provide the Office written notice of a change to any information provided in the application for a license or renewal of a license within 10 days of the change.

“(f) No Office employee may be an applicant for or obtain a license issued pursuant to the title.

“(g) The Office shall only issue an operator license or management services provider license if the applicant:

“(1) In conjunction with its application for license, submits to the DSLBD for approval, a CBE plan that demonstrates that at least 35% of the applicant’s operating budget will be contracted with one or more CBEs. The CBE plan shall include:

“(A) The name and address of each contractor;

“(B) A current certification for the CBE;

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“(C) The scope of work to be performed by each contractor that shall be for a commercially useful function related to sports wagering;

“(D) The price to be paid by the beneficiary to each contractor; and

“(E) The length of the contract;

“(2) Is a certified joint venture pursuant to the CBE act, where the joint venture has a CBE majority interest, and is also certified as either a SBE, DBE, or ROB; or

“(3) Submits a request for and obtains a waiver of these contracting requirements pursuant to section 2351 of the CBE act; provided, that if a waiver request is submitted, DSLBD approves or denies the request for waiver within 15 days from day the DSLBD removes the posted waiver request pursuant to section 2351(a-1)(2) of the CBE act; provided, further, that if DSLBD neither approves or denies the request, the waiver shall be approved.

“Sec. 306. Operator licensure.

“(a)(1) To offer sports wagering in the District, an individual, group of individuals, or entity shall obtain an operator license, the application for which shall be in a form determined by the Office and shall require:

“(A) The name of the applicant;

“(B) The mailing address and, if a corporation, the name of the state in which it is incorporated, the location of its principal place of business, and the names and addresses of its directors;

“(C) A report of the applicant's financial activities, including evidence of financial stability, such as bank statements, business and personal income and disbursement schedules, tax returns, or other documentation, satisfactory to the Office, that demonstrates that the applicant has sufficient business ability and experience to establish and maintain a successful sports wagering business;

“(D) A description of the proposed internal controls and security systems to be used in conducting sports wagering or processing sports wagering transactions;

“(E) The number of employees expected to be employed at the proposed sports wagering facility;

“(F) The estimated tax revenue to be generated by the sports wagering facility;

“(G) The location of the proposed sports wagering facility; and

“(H) Any other information the Office considers necessary and appropriate.

“(2) In determining whether to approve an application for an operator license, the Office shall consider whether the applicant:

“(A) Is proposing a sports wagering operation that will have a positive impact through increased revenues on the District and its residents;

“(B) Possesses adequate funds or has secured adequate financing to commence and maintain a sports wagering operation;

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“(C) Has the financial stability, integrity, and responsibility to conduct sports wagering;

“(D) Has sufficient business ability and experience to create and maintain a successful sports wagering operation;

“(E) Has proposed adequate measures for internal and external security, including a surveillance system or protocol;

“(F) Has satisfied the sports wagering license requirements;

“(G) Has demonstrated that its proposed sports wagering operation will be conducted in accordance with this title and all other applicable District and federal law;

“(H) Has been convicted of a disqualifying offense, as established by regulation by the Office pursuant to this title;

“(I) Is an SBE; or

“(J)(i) Has entered into a labor peace agreement with each labor organization that is actively engaged in representing or attempting to represent employees in the gaming, hospitality, or food and beverage industries in the District; provided, that the labor peace agreement shall:

“(I) Be a written agreement between the applicant and the labor organization that contains, at a minimum, a provision protecting the District’s revenues by prohibiting the labor organization or its members from engaging in any picketing, work stoppage, boycott, or other economic interference with the applicant’s sports wagering operations during any effort by the labor organization to organize employees for purposes of collective bargaining representation; and

“(II) Apply to a sports wagering operation conducted at a Class A sports wagering facility approved by the Office, whether conducted directly by the applicant or by a management service provider under a management services agreement with the applicant.

(ii) A labor peace agreement shall be enforceable under section 301(a) of the Labor Management Relations Act, 1947, enacted June 23, 1947 (61 Stat. 136; 29 U.S.C. § 185(a)), or through other applicable law, after the best efforts of the parties at resolving a dispute have failed.

“(b)(1) The Office may issue a Class A operator license to an applicant whose sports wagering facility will be located within any of the following locations: Capital One Arena (601 F Street, N.W., and described as Lot 0047, Square 0455), Audi Field (100 Potomac Avenue, S.W., and described as Lot 0027, Square 0665), Nationals Park (1500 South Capitol Street, S.E., and described as Lot 0016, Square 0705), or St. Elizabeths East Entertainment and Sports Arena (St. Elizabeth’s Campus, 1100 Oak Drive, S.E., and described as Lots 0837 and 0838, Square 5868S) (“designated facilities”).

“(2) The Office shall not issue a Class B operator license to an applicant whose sports wagering facility will be located within a designated facility.

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“(3)(A) Except as provided in section 316, a Class A operator license shall be issued for 5 years and require a non-refundable application fee of \$250,000, which shall be submitted with the application.

“(B) A Class A operator license may be renewed for 5-year periods; provided, that the licensee has continued to comply with all statutory and regulatory requirements and pays upon submission of a renewal application a \$250,000 renewal fee.

“(c)(1) Subject to paragraph (2) of this subsection, the Office may issue a Class B operator license to an applicant whose facility will be located outside of any of the designated facilities.

“(2) The Office shall not issue a Class B operator license to any applicant whose sports wagering facility will be located within a 2-block radius of any of the designated facilities.

“(3) District operated sports wagering shall not be offered within a 2-block radius of any of the designated facilities.

“(4)(A) Except as provided in section 316, a Class B operator license shall be issued for 5 years and require a non-refundable application fee of \$50,000, which shall be submitted with the application.

“(B) A Class B operator license may be renewed for 5-year periods; provided, that the licensee has continued to comply with all statutory and regulatory requirements and pays upon submission of a renewal application a \$50,000 renewal fee.

“(d) As a condition of licensure, an operator shall be bonded, in such amounts and in such manner as determined by the Office, and agree, in writing, to indemnify and to save harmless the District of Columbia against any and all actions, claims, and demands of whatever kind or nature that the District of Columbia may incur by reason of or in consequence of issuing an operator license to the licensee.

“Sec. 307. Duties of an operator.

“(a) Upon application for an operator license, and annually thereafter, an operator shall submit to the Office an audit of the financial transactions and condition of the licensee’s total operations prepared by a certified public accountant in accordance with generally accepted accounting principles and applicable District and federal law.

“(b)(1) An operator shall be prohibited from wagering through its own sports wagering facility and shall employ reasonable methods to prohibit:

“(A) A director, officer, owner, or employee of the operator, and any relative living in the same household as the aforementioned individuals from placing a wager with the operator;

“(B) An athlete, coach, referee, team owner, employee of a sports governing body or its member teams, and player and referee union personnel from wagering on a sporting event overseen by their sports governing body;

“(C) An individual, group of individuals, or entity with access to non-public confidential information held by the operator from placing wagers with the operator; or

“(D) An individual, group of individuals, or entity from placing a wager as an agent or proxy for others.

“(2) In determining which individual, group of individuals, or entity is to be excluded from placing a wager pursuant to paragraph (1) of this subsection, an operator shall use publicly available information and any lists of such individuals, group of individuals, or entities that the sports governing body may provide to the Office, and which the Office, or sports governing body, has provided to the operator.

“(c) An operator shall:

“(1) Employ a monitoring system utilizing software to identify irregularities in volume or odds and swings that could signal suspicious activities that should require further investigation, and immediately report to the Office;

“(2) Develop system requirements and specifications according to industry standards and implement the requirements and specifications as required by the Office as part of its minimum internal control standards;

“(3) Immediately report to the Office facts or circumstances related to the operation of a sports wagering licensee that may constitute a violation of District or federal law, including suspicious sports wagering over a threshold set by the operator as approved by the Office;

“(4) Provide a secure location for the placement, operation, and play of sports wagering equipment;

“(5) Prevent an individual, group of individuals, or entity from tampering with or interfering with the operation of sports wagering or sports wagering equipment;

“(6) Ensure that sports wagering occurs only in the specific locations within a designated sports wagering facility approved by the Office, using an Office-approved mobile application, other digital platform, or sports wagering device that utilizes communications technology to accept wagers originating within the District, and that sports wagering is conducted within the sight and control of designated employees of the licensee and under continuous observation by security equipment, as required by the Office.

“(7) Maintain a sufficient cash supply and other supplies within the boundaries of the District;

“(8) Maintain daily records showing the gross sports wagering receipts and adjusted gross sports wagering receipts of the operator;

“(9) Timely file with the Office records or reports required by this title, or regulations issued pursuant to this title;

“(10)(A) Verify that an individual, or group of individuals, placing a wager is of the legal minimum age for placing the wager;

“(B) If the sports wagering is conducted using on-line or mobile devices, have in place technical and operational measures to prevent access by those who are underage;

“(C) Have an age verification process as a part of its registration, which may include requiring the use of a reputable independent third party that is commonly in the business of verifying an individual’s personal identity information; and

“(D) Include on its website a description of the possible repercussions for an underage player, such as immediate stoppage of play, account closure, and confiscation of winnings.

“(11)(A) Allow individuals to set limits with the operator, including limits on the time spent betting and the amounts to be wagered, and take reasonable steps to prevent those individuals from overriding their self-imposed limits, including, at the request of the individual, sharing the requested limitations with the Office for the sole purpose of disseminating the request to other operators;

“(B) Prohibit an individual from sports wagering over the limit the individual has set or from sports wagering if the individual is on a list provided by the Office of the individuals who have requested to be excluded from sports wagering; and

“(C) Implement and maintain reasonable security procedures and practices that are appropriate to the nature of the personal information of individuals who place a wager with the operator from unauthorized access, use, modification or disclosure;

“(12) Establish procedures to evaluate requests made by third parties to exclude an individual from sports wagering, including requests to exclude an individual from placing sports wagers when the requestor provides documentary evidence of sole or joint financial responsibility for the source of funds deposited with an operator by the individual or a court order requiring the individual to pay unmet child-support obligations;

“(13) Establish a system to allow individuals to self-identify as problem gamers to the Office and request to be excluded from any gaming regulated by the Office;

“(14) Establish a system to enable the Office to provide to the operator a daily list of players who have requested to be excluded from sports wagering;

“(15) Prohibit an operator, director, officer, owner, and employee of the operator from extending credit to an individual, group of individuals, or entity that places wagers with the operator or seeks to place wagers with the operator;

“(16) Prohibit an individual, group of individuals, or entity that places wagers with the operator from establishing more than one active account with the operator; and

“(17) Permit an individual, group of individuals, or entity that places wagers with the operator to terminate the account at any time and for any reason.

“(d) An operator’s unauthorized or improper disclosure of names included on the self-exclusion list, as allowed by subsection (c)(11) of this section, shall be punishable by penalties determined by the Office, including revocation of the operator’s license.

“(e)(1) Each operator shall submit a monthly report to the Office that includes:

“(A) The total amount of sports wagers received from authorized sports bettors;

“(B) The total amount of prizes awarded to sports bettors;

“(C) The total amount of gross sports wagering revenue received by the operator;

“(D) The total number of authorized sports bettors that requested to exclude themselves from sports wagering; and

“(E) Any additional information the Office considers necessary to carry out the provisions of this title.

“(2) The Office shall publish reports based on the information provided by operators pursuant to this subsection.

“(f) An operator may continue to use supplies acquired from a licensed sports wagering supplier whose supplier license has expired or has otherwise been cancelled, unless the Office prohibits such use.

“Sec. 308. Sports wagering management services providers.

“(a) An operator may enter into a management services contract that would permit an individual, group of individuals, or entity other than the operator to conduct sports wagering on the premises; provided, that the management services contract:

“(1) Is with an individual, group of individuals, or entity licensed under this title to provide management services;

“(2) Is in writing; and

“(3) Has been approved by the Office.

“(b) The duties and responsibilities of a management services provider (“MSP”) under a management services contract shall not be assigned, delegated, subcontracted, or transferred to a third party without the prior approval of the Office. To be considered for approval, a third party shall be licensed as an MSP in accordance with this title.

“(c)(1) In considering whether to approve an MSP license application, the Office may consider evidence the MSP has submitted to the Office of an existing license as a management services provider from another jurisdiction that the Office has determined has licensing requirements similar to those required by the District.

“(2) An applicant for an MSP license shall pay a non-refundable \$10,000 fee with the application and meet all requirements for licensure under this title.

“(3) An MSP license shall be renewed annually; provided, that the licensee has continued to comply with all statutory and regulatory requirements and pays upon submission of a renewal application a \$2,000 renewal fee.

“(d) An individual, group of individuals, or entity that shares in the revenue of a sports wagering business, including an affiliate operating under a revenue share agreement, shall be licensed under this section.

“Sec. 309. Sports wagering suppliers.

“(a)(1) An individual, group of individuals, or entity that seeks to sell or lease sports wagering equipment, systems, or other gaming items necessary to conduct sports wagering, or offer services related to such equipment or other gaming items to a sports wagering operator shall obtain a supplier license from the Office.

“(2) In considering whether to approve a supplier license application, the Office may consider evidence the supplier submitted to the Office of an existing license as a supplier from another jurisdiction that the Office has determined has licensing requirements similar to those required by the District.

“(b) An applicant for a supplier license shall demonstrate that the equipment, system, or services that the applicant plans to offer to the sports wagering licensee conform to standards established pursuant to this title, regulations issued pursuant to this title, and other applicable law.

“(c) An applicant for a supplier license shall pay a nonrefundable fee of \$10,000 with the application.

“(d) A supplier license shall be renewed annually; provided, that the licensee has continued to comply with all statutory and regulatory requirements and pays upon submission of a renewal application a \$2,000 renewal fee.

“(e) A licensed sports wagering supplier shall submit to the Office a list of all sports wagering equipment or services sold, delivered to, or offered to an operator. All of such equipment shall be tested and approved by an independent testing laboratory approved by the Office.

“Sec. 310. Sports wagering occupational licensee.

“(a) All persons employed to be engaged in activities related to sports wagering shall be required to be licensed by the Office and, when employed, shall maintain a valid occupational license and be employed in the capacity reported to the Office.

“(b)(1) An applicant for an occupational license under this section shall submit an application, as required by the Office, and pay a nonrefundable fee of \$100, which may be paid on behalf of the applicant by the prospective employer.

“(2) A holder of an occupational license issued pursuant to this section shall pay a renewal fee of \$100, which may be paid on behalf of the licensed employee by the employer, and submit a renewal application by September 30 of each year.

“Sec. 311. District-operated sports wagering; sports wagering retailers.

“(a)(1) The District of Columbia, through the Office, may conduct sports wagering authorized by this title through any method of wagering, including mobile and online transactions; provided, that any systems used for mobile or online transactions include age and location verification technology designed to prevent unauthorized access by individuals whose age and current location have not been verified. The Office may engage a contractor or contractors to provide the systems and related services for accepting sports wagers.

“(2) The Office may offer a mobile or on-line sports wagering product, either by taxing mobile and on-line licensed retailers at a rate of 20%, without limit to the number of licenses issued, or through contract with a limited number of partners operating an Office of Lottery and Gaming mobile and web-based sports wagering operation, whichever can be shown to return the most revenue to the District.

“(b)(1) The Office shall license sports wagering retailers. Businesses that apply to be licensed as sports wagering retailers shall also be licensed as lottery and daily numbers game agents (“lottery licensees”).

“(2) Active lottery licensees, as well as new applicants, shall be required to apply to the Office for a separate sports wagering retailer license.

“(3) In determining whether to approve an application for a sports wagering retailer (“retailer”) license, the Office shall consider the:

“(A) Financial responsibility of the business or operation;

“(B) Accessibility of the place of business or operation to the public;

“(C) Sufficiency of existing retailer licensees to serve the public; and

“(D) Volume of expected District-operated sports wagering sales.

“(c)(1) An applicant for a retailer license, which shall have a term of 2 years, shall meet all requirements for licensure and pay an application fee of \$5,000.

“(2) A retailer license may be renewed for 2-year periods; provided, that the licensee has continued to comply with all statutory and regulatory requirements and pays upon submission of a renewal application a \$5,000 renewal fee.

“(d) The Office shall require a retailer licensee to be bonded, in such amounts and in such manner as determined by the Office, and agree, in writing, to indemnify and save harmless the District of Columbia against any and all actions, claims, and demands of whatever kind or nature that the District of Columbia may incur by reason of or in consequence of issuing the retailer license to the licensee.

“(e) Subject to fiscal limitations and requirements of law, the Office may authorize compensation for a retailer licensee in the manner and amounts the Office determines necessary and appropriate.

“(f)(1) No sports wager shall be accepted under this section by other than a retailer licensee or an employee of the retailer licensee.

“(2) An individual, group of individuals, or entity convicted of violating this subsection shall be subject to a fine not to exceed \$5,000 or imprisonment not to exceed 6 months, or revocation of the retailer license, or all of the foregoing.

“(3) Twenty-four months after the effective date of this title, the Office of the District of Columbia Auditor shall prepare a study evaluating the performance of the sports wagering instituted by this title to determine the level of District revenue generated by mobile and online gaming compared to other similarly situated jurisdictions and submit the completed study to the Mayor and Council.”.

“Sec. 312. License prohibitions.

“(a)(1) The Office shall not grant any license pursuant to this title if evidence satisfactory to the Office exists that the applicant has:

“(A) Knowingly made a false statement of a material fact to the Office;

“(B) Been suspended from operating a gambling game or operation, sports wagering device, sports wagering operation, or other related suspension;

“(C) Had a license revoked by a governmental authority responsible for regulation of gaming and sports wagering;

“(D) Been convicted of a felony and has not received a pardon or been released from parole or probation for at least 5 years;

“(E) Been convicted of a gambling-related offense or a theft or fraud offense; or

“(F) Whether an individual, group of individuals, or entity, been directly employed by an illegal or offshore sports wagering operator that serviced the United States or otherwise accepted black market wagers from individuals located in the United States.

“(2) The Office may deny a license to an applicant or suspend or revoke a license if the applicant or licensee:

“(A) Has not demonstrated, to the satisfaction of the Office, financial responsibility sufficient to adequately meet the requirements of the proposed activity;

“(B) Is not the true owner of the business or the sole owner and has not disclosed the existence or identity of other individuals, groups of individuals, or entities that have an ownership interest in the business; or

“(C) Is a corporation that sells more than 5% of a licensee’s voting stock, more than 5% of the voting stock of a corporation that controls the licensee, sells a licensee’s assets, other than those bought and sold in the ordinary course of business, or an interest in the assets, to an individual, group of individuals, or entity not already determined by the Office to have met the qualifications of a licensee pursuant to this title, or is a non-corporate entity where an individual, group of individuals, or entity not already determined by the Office to have met the qualifications of a licensee pursuant to this title holds more than a 10% interest in the non-corporate entity.

“Sec. 313. Clean hands requirement.

The Office shall require proof of good standing pursuant to § 29-102.08 of an applicant for a license pursuant to this title and may, in addition, require certification that the Citywide Clean Hands Database indicates that the proposed licensee is current with its District taxes.

“Sec. 314. Penalties.

“(a) For a violation of this title or a regulation issued pursuant to this title, the Office shall have the authority to exercise one or more of the following:

“(1) Impose a fine of not more than \$50,000, which money shall be paid to the District of Columbia Treasurer and deposited into the General Fund of the District of Columbia as general purpose revenue funds;

“(2) Revoke a licensee’s sports wagering license; or

“(3) Suspend the licensee’s sports wagering license for up to 365 days.

“(b) An individual, group of individuals, or entity that has been fined or whose application has been denied, revoked, or suspended pursuant to this section shall have a right to a hearing before the Office and, in the event of its affirmation of the fine, denial, revocation, or

suspension, whichever applies, the right to appeal the decision of the Office to the Superior Court of the District of Columbia.

“Sec. 315. Taxation of Sports Wagering.

“(a) On or before the 20th day of each month, an operator shall:

“(1) File a return, on forms and in the manner prescribed by the CFO, with the CFO indicating the amount of its gross sports wagering revenue, including revenues remitted by registered sports governing bodies, for the preceding calendar month; and

“(2) Pay to the District of Columbia Treasurer 10% of the gross sports wagering revenue from the preceding calendar month.

“(b) All funds owed to the District under this act shall be held in trust within the boundaries of the District for the District by an operator until the funds are paid to the District of Columbia Treasurer. An operator shall establish a separate bank account into which gross sports wagering revenue shall be deposited and maintained until such time as the funds are paid to the District of Columbia Treasurer.

“(c) The increased revenue realized from the tax imposed under subsection (a) of this section shall be directed as follows:

“(1) The first \$200,000 of revenue shall be used to fund programs through the Department of Behavioral Health to prevent, treat, and research gambling addiction; and

“(2) Of the remaining balance, 50% shall be used to fund the Birth-to-Three for All DC Amendment Act of 2018, effective October 30, 2018 (D.C. Law 22-179; D.C. Official Code § 4-651.01 *et seq.*), and 50% shall be deposited into the Neighborhood Safety and Engagement Fund, established by section 103 of the Neighborhood Engagement Achieves Results Amendment Act of 2016, effective June 30, 2016 (D.C. Law 21-125; D.C. Official Code § 7-2413).

“Sec. 316. Sports Wagering Small Business Development Program.

“(a) All contracts, including contracts entered into by the Office under the authority of this title shall be subject to the CBE requirements of the CBE act.

“(b)(1) A Class A operator license shall be issued for 5 years and require a non-refundable application fee of \$500,000, which shall be submitted with the application; provided, that when an applicant for a Class A sports operator license partners with a joint venture with a CBE majority interest, it shall submit a non-refundable application fee of \$125,000 at the time of the initial application; provided further, that subsequent renewal fees shall be paid pursuant to section 306(b)(3)(B) and in accordance with subsection (c) of this section.

“(2) A Class B operator license shall be issued for 5 years and require a non-refundable application fee of \$100,000, which shall be submitted with the application; provided, that when an applicant for a Class B sports operator license partners with a joint venture with a CBE majority interest, it shall submit a non-refundable application fee of \$25,000 at the time of the initial application; provided further, that subsequent renewal fees shall be paid pursuant to section 306(c)(4)(B) and in accordance with subsection (c) of this section.

“(c) The application for renewal shall include a report of CBE participation, including CBE joint ventures, which the Office shall assess and consider verified CBE participation in the decision to approve renewal.

“(d)(1) Within 180 days of the effective date of this title, DSLBD, in consultation with the Office, shall establish a program, with a duration of not less than 5 years, to train SBEs and SBE-eligible firms to develop the capacity to become sports wagering operators and management service providers.

“(2) The Office shall initiate recruitment activities to prepare SBEs to meet the qualifications needed to manage and operate sports wagering in the District, including:

(A) Developing strategies with DSLBD to facilitate increased SBE participation;

(B) Conducting bi-annual seminars for SBEs on how to do business with established sports wagering operators;

(C) Maintaining instructions on how to bid on upcoming and current contracting and procurement opportunities;

(D) Sending new procurement opportunity alerts to SBEs, electronically;

(E) Participating in small business forums, workshops, and trainings sponsored by DSLBD;

(F) Posting the relevant or applicable National Institute of Government Purchasing codes to the Office’s and DSLBD’s websites;

(G) Partnering with DSLBD to invite potential bidders to pre-bid conferences for sports wagering related contract or procurement; and

(H) Developing an annual plan regarding the utilization of qualified SBEs.

“(e) The Office shall submit an annual report to the Mayor and the Council on CBE participation in sports wagering, which shall include:

“(1) Detailed information on recruitment initiatives and the creation of contract or licensing opportunities;

“(2) The number of CBEs that apply for a sports wagering operator or management services provider license;

“(3) The number of CBE applicants to receive a sports wagering operator or management services provider license;

“(4) The reports, received pursuant to subsection (f)(2) of this section, from each Class A and Class B licensee on its CBE participation;

“(5) The number of minority or women that applied for a sports wagering operator or management services provider license; and

“(6) Analysis of the current state of individuals, group of individuals, or entities applying for an operator’s or management services provider licenses.

“(f)(1) Each sports wagering licensee shall provide quarterly reports to DSLBD pursuant to section 2346(i) of the CBE act.

“(2) Each Class A and Class B licensee shall provide to the Office a report to the Office on its CBE participation.

“Sec. 317. Conflict with federal law.

“Nothing in this title shall be construed to authorize noncompliance with any provision of any federal law or regulation. Notwithstanding any provision in this title, no sports wagering, or gambling in any form, or the operation of gambling devices shall be allowed on federal property, or portion of federal property, where such activity is prohibited by federal law or regulation or is contrary to section 602(a)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(a)(3)).”.

Sec. 3. Related amendments.

(a) Section 47-1817.01(5)(B) is amended as follows:

(1) Sub-subparagraph (ii) is amended by striking the phrase “; or”.

(2) Sub-subparagraph (iii) is amended by striking the period and inserting the phrase “; or” in its place.

(3) A new sub-subparagraph (iv) is added to read as follows:

“(iv) A holder of a sports wagering license listed in section 305(b)(1) of the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3-172; D.C. Official Code § 3-1301 *passim*).”.

(b) Section 2354(c) of the Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.54(c)), is amended by adding a new paragraph (11) to read as follows:

“(11) On an annual basis, the Department shall submit to the Council a report on sports wagering licensee certified business enterprise compliance as it relates to the certified business enterprise requirements of Title III of the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3-172; D.C. Official Code § 3-1301 *passim*).”.

Sec. 4. Rules.

The Chief Financial Officer of the District of Columbia, pursuant section 424(d) of the District of Columbia Home Rule Act, approved April 17, 1995 (109 Stat. 142; D.C. Official Code § 1-204.24d), shall issue rules to implement this act.

Sec. 5. Applicability.

(a) This act shall apply upon the date of inclusion of its fiscal effect in an approved budget and financial plan.

(b) The Chief Financial Officer shall certify the date of the inclusion of the fiscal effect in an approved budget and financial plan, and provide notice to the Budget Director of the Council of the certification.

(c)(1) The Budget Director shall cause the notice of the certification to be published in the District of Columbia Register.

(2) The date of publication of the notice of the certification shall not affect the applicability of this act.

Sec. 6. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

Sec. 7. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 60-day period of congressional review as provided in section 602(c)(2) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 788; D.C. Official Code § 1-206.02(c)(2)) and its publication in the District of Columbia Register.

Chairman
Council of the District of Columbia

Mayor
District of Columbia