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H.484

Introduced by Representative Burditt of West Rutland

Referred to Committee on

Date:

Subject: Recreation and sports; sports wagering

Statement of purpose of bill as introduced: This bill proposes to legalize sports  
wagering in Vermont.

An act relating to sports wagering

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 31 V.S.A. chapter 25 is added to read:

Chapter 25. Sports Wagering

§ 1301. Definitions

As used in this chapter:

(1) "Board" means the Board of Liquor and Lottery.

(2) "Collegiate sports event" means a sport or athletic event offered or  
sponsored by, or played in connection with, a public or private college,  
university, or other postsecondary educational institution.

(3) "Commissioner" means the Commissioner of Liquor and Lottery.

(4) "Department" means the Department of Liquor and Lottery.

(5) "Division" means the Division of Lottery.

1           (6) “Key employee” means an individual employed by a sports  
2           wagering operator that is involved in the operation of an online sports pool or  
3           sports wagering lounge in a supervisory capacity or is empowered to make  
4           discretionary decisions that regulate operations of an online sports pool or  
5           sports wagering lounge, including sports wagering lounge managers and  
6           supervisors, managers and supervisors of information technology employees,  
7           marketing directors, and other similar individuals.

8           (7) “Online sports pool” means a sports wagering operation that accepts  
9           wagers on sports events that are made over the internet from computers,  
10          cellular phones, or other mobile devices.

11          (8) “Professional sports event” means a sports or athletic event in which  
12          two or more individuals participate and receive compensation that exceeds  
13          their actual expenses related to participation in the event.

14          (9) “Prohibited sports event” means any high school sports event,  
15          electronic sports, competitive video games, and any collegiate sports event that  
16          takes place in Vermont or in which a team from a Vermont college or  
17          university participates. “Prohibited sports event” does not include  
18          international sports events in which individuals under 18 years of age are a  
19          minority of the participants.

1           (10) “Sports event” means any professional sports event, any Olympic  
2           or international sports event, and any collegiate sports event that is not a  
3           prohibited sports event.

4           (11) “Sports wagering operation” means the business of accepting  
5           wagers on sports events by a system or method of wagering, including single-  
6           game bets, teaser bets, parlays, over-under, moneyline, pools, exchange  
7           wagering, in-game wagering, in-play bets, proposition bets, and straight bets.

8           (12) “Sports wagering operator” means a person licensed by the Board  
9           to operate up to three online sports pools.

10           § 1302. POWERS AND DUTIES OF BOARD OF LIQUOR AND

11                   LOTTERY

12           (a) The Board of Liquor and Lottery, through the Commissioner of Liquor  
13           and Lottery, shall administer and enforce the provisions of this chapter.

14           (b) The Board of Liquor and Lottery shall adopt rules pursuant to 3 V.S.A.  
15           chapter 25 as necessary to carry out and enforce the provisions of this chapter.

16           At a minimum, the rules shall address the following:

17                   (1) the licensing of sports wagering operators;

18                   (2) the types of sports wagering activities that may be conducted;

19                   (3) requirements for banking and accounting by licensees, including  
20           requiring licensees to maintain a bank account with a financial institution  
21           located in Vermont;

- 1           (4) requirements for bonding or other security to be given by licensees;
- 2           (5) requirements for record keeping;
- 3           (6) requirements for auditing of licensees;
- 4           (7) requirements for facility and digital security, data encryption, age  
5 verification, and geolocation;
- 6           (8) cash reserves to be maintained by licensees to cover winning wagers;
- 7           (9) acceptance of wagers on a series of sports events;
- 8           (10) maximum wagers that a licensee may accept from any one patron  
9 on any one sports event;
- 10          (11) the types of wagering tickets that may be used and the method for  
11 issuing wagering tickets;
- 12          (12) the type of wagering systems that may be used;
- 13          (13) protections for an individual placing a wager;
- 14          (14) the display of information regarding how a person may restrict his  
15 or her ability to wager and how an individual may obtain assistance for a  
16 gambling problem; and
- 17          (15) the extension of credit to patrons by licensees.
- 18          (c) The Board shall report on or before January 15 of each year to the  
19 Governor and the General Assembly regarding sports wagering in Vermont.  
20 The report shall include the number of licenses and permits issued or renewed,  
21 the total amount wagered in Vermont, the amounts of any fees and taxes

1 collected pursuant to this chapter, and the effectiveness of the existing  
2 statutory and regulatory provisions to ensure the integrity of sports wagering  
3 operations.

4 (d)(1) The Board shall maintain a list of players who have elected to  
5 restrict irrevocably their own ability to wager on sports events for a specified  
6 period of time pursuant to this chapter. The Board shall provide a portal  
7 through the Department of Liquor and Lottery website that allows an  
8 individual to add his or her name to the list and to specify the period of time  
9 during which he or she wishes to restrict his or her ability to wager.

10 (2) The list shall be made available to all sports wagering operators  
11 licensed pursuant to this chapter.

12 (3) The list shall include the names and periods of restriction for all  
13 individuals who have restricted their ability to wager through the Department  
14 of Liquor and Lottery's website or a website or mobile application operated by  
15 a licensed sports wagering operator.

16 (e) The Board may, as it determines to be appropriate, share any  
17 information regarding possible corrupt or illegal activity, suspicious wagering,  
18 or other activities that may corrupt the outcome of a sports event with law  
19 enforcement, or any team, sports governing body, or other regulatory entity.

1     § 1303. LICENSING; APPLICATION; FEES

2           (a) An applicant for a license or permit under this chapter shall submit all  
3     information required pursuant to this section and any information requested by  
4     the Board in a form specified by the Board by rule.

5           (b) An applicant for a license or permit shall agree, as a condition of being  
6     licensed, to consent to the jurisdiction of the Board and to permit the Board or  
7     any authorized employee of the Department to inspect its premises, books, and  
8     records.

9           (c) Each applicant for a sports wagering operator's license and any person  
10    who must be licensed or registered under this chapter shall be photographed  
11    and fingerprinted for identification and investigation purposes in accordance  
12    with the rules of the Board.

13          (d) An applicant for a sports wagering operator's license under this chapter  
14    shall submit to the Board documentation of the applicant's:

15            (1) financial stability, integrity, and responsibility, including bank  
16    references, business and personal income and disbursement schedules, tax  
17    returns and other reports filed with governmental agencies, and business and  
18    personal account ledgers and check records;

19            (2) ability to ensure the financial integrity of its operations and to pay  
20    winning wagers to patrons when due;

1           (3) ability to meet ongoing operating expenses that are essential to  
2           continuous and stable operations;

3           (4) ability to pay all local, State, and federal taxes, including the tax  
4           imposed by section 1310 of this chapter; and

5           (5) ability to pay, exchange, refinance, or extend debts that will mature  
6           or otherwise come due and payable during the applicant's license term.

7           (e) An applicant for a sports wagering operator's license shall provide to  
8           the Board:

9           (1) documentation that it is a Vermont corporation or LLC in good  
10           standing with the Secretary of State or that it has partnered with a Vermont  
11           corporation or LLC that is in good standing with the Secretary of State to  
12           operate its sports wagering operations in Vermont; and

13           (2) a copy of its procedures to prevent wagering by an individual who is  
14           under 21 years of age, an individual who is prohibited from wagering on a  
15           particular sports event pursuant to subsection 1307(c) of this chapter, and any  
16           individual listed on the exclusion list maintained by the Board pursuant to  
17           section 1302(d) of this chapter.

18           (f) An applicant for a sports wagering operator's license shall disclose to  
19           the Board the identity of the following:

20           (1) each board appointed officer of the applicant;

21           (2) each director of the applicant;

1           (3) any person who directly holds a voting or controlling interest of five  
2           percent or more of any securities issued by the applicant;

3           (4) any person who directly holds any nonvoting or passive ownership  
4           interest of 25 percent or more of any securities issued by the applicant; and

5           (5) any holding or intermediary company of the applicant.

6           § 1304. SPORTS WAGERING OPERATOR'S LICENSE

7           (a)(1) The Board may grant a person a sports wagering operator's license if  
8           the person pays the license fee specified in section 1306 of this chapter,  
9           submits all information required pursuant to section 1303 of this chapter, and  
10          satisfies the Board of its qualifications to carry out a sports wagering operation.

11          (2) The Board may annually renew a sports wagering operator's license  
12          if the licensee submits the required fee and all documentation required by the  
13          Board and demonstrates that it remains in compliance with the provisions of  
14          this chapter and all rules adopted by the Board.

15          (3) A license issued pursuant to this section shall expire one year from  
16          the date it was issued or renewed.

17          (b)(1) A holder of a sports wagering operator's license may operate up to  
18          three individually branded online sports pools in Vermont.

19          (2) Each online sports pool may operate a website and an accompanying  
20          mobile application that bears the same brand as the website.



1           (3) A licensee may offer players promotional credits, incentives,  
2           bonuses, or similar benefits designed to induce a player to wager on its website  
3           or mobile application.

4           (4) A licensee shall establish and display the odds at which wagers may  
5           be placed on sports events. The odds for a particular sports event shall be the  
6           same on each website and mobile application operated by the licensee in  
7           Vermont.

8           (5) A licensee shall accept wagers on sports events only from persons  
9           wagering through its website or mobile application or through self-service  
10           wagering machines located in its sports wagering lounge.

11           (6) A licensee shall employ a geofence or other technology approved by  
12           the Board to ensure that it does not accept wagers through its website or  
13           mobile application from individuals who are not physically present in Vermont  
14           or another jurisdiction in which sports betting is legal that has a reciprocal  
15           agreement with the Board pursuant to section 1309 of this chapter.

16           (7) Each website and mobile application operated by a licensee shall  
17           include a portal that allows an individual to restrict irrevocably his or her own  
18           ability to wager on sports events pursuant to this chapter for a period of time  
19           that he or she specifies.

20           (8) A licensee shall not permit any director, officer, owner, or employee  
21           of the licensee or any member of the immediate household of a director,

1 officer, owner, or employee of the licensee to wager through any website,  
2 mobile application, or facility that is operated by the licensee.

3 (c)(1) The server and any other equipment used by the licensee to accept  
4 wagers from Vermont players shall be located in Vermont and shall meet all  
5 requirements for security and data encryption established pursuant to rules  
6 adopted by the Board.

7 (2) All backroom accounting and related activities for a licensee's sports  
8 wagering operations in Vermont shall be located in the same facility as the  
9 server and any other equipment used by the licensee to accept wagers from  
10 Vermont players.

11 (d) A licensee shall promptly report to the Commissioner of Liquor and  
12 Lottery:

13 (1) any criminal or disciplinary proceedings commenced against the  
14 licensee or its employees in connection with the operation of its online sports  
15 pools or, if applicable, the sports wagering lounge that it operates;

16 (2) any abnormal betting activity or patterns that may indicate a concern  
17 about the integrity of a sports event or events;

18 (3) any conduct with the potential to corrupt a betting outcome of a  
19 sports event for purposes of financial gain, including match fixing; and

20 (4) any suspicious or illegal wagering activities, including the use of  
21 monies derived from illegal activity, wagers to conceal or launder monies

1 derived from illegal activity, the use of agents to place wagers, or the use of  
2 false identification.

3 § 1305. SPORTS WAGERING LOUNGE PERMIT

4 (a)(1) A holder of a sports wagering operator's license may obtain a sports  
5 wagering lounge permit from the Board to operate a sports wagering lounge at  
6 one location in Vermont.

7 (2) A sports wagering lounge operated pursuant to this section shall  
8 conform to all requirements regarding square footage, design, equipment,  
9 security measures, and other related matters that are established in rules  
10 adopted by the Board.

11 (3) The term of a permit issued pursuant to this section shall run  
12 concurrently with the term of the sports wagering operator's license issued  
13 pursuant to section 1304 of this chapter.

14 (b)(1) A sports wagering lounge shall be permitted to accept in-person  
15 wagers from players who are physically present in the sports wagering lounge.

16 (2) The sports wagering lounge shall establish and display the odds at  
17 which wagers may be placed on sports events.

18 (3) In-person players shall be given the same odds as they would receive  
19 from the licensee's online sports pools.

1           (4) A sports wagering lounge shall obtain personal identification  
2           information as required by the Board from any individual who places a single  
3           in-person wager in an amount of \$10,000.00 or greater on a sports event.

4           (c) A sports wagering lounge shall be located in the same facility as the  
5           licensee's server and backroom operations.

6           § 1306. LICENSING AND REGISTRATION OF EMPLOYEES

7           (a)(1) Each licensee shall designate one or more key employees who shall  
8           be responsible for the operation of the licensee's sports wagering lounge. At  
9           least one key employee must be present whenever a licensee's sports wagering  
10           lounge is open and sports wagering is being conducted.

11           (2) Each key employee of a licensee shall obtain and maintain a key  
12           employee license during the time that he or she is employed by a licensee.

13           (3) The Board may issue a key employee license to an individual after  
14           he or she has demonstrated to the satisfaction of the Board his or her financial  
15           stability, good character, honesty, and integrity.

16           (4) The Board shall adopt rules specifying the information that shall be  
17           submitted by an applicant for a key employee license. The rules shall at a  
18           minimum require each applicant for a key employee license to provide  
19           references, submit to fingerprinting and a criminal history record check, and  
20           provide the Board with access to the applicant's bank records and tax returns  
21           for the 10 years prior to the year in which the application is submitted.

1       (b)(1) No individual shall be employed by the operation of an online sports  
2       pool or sports wagering lounge if he or she is not registered with the Board.

3       (2) Prior to being registered and authorized to be employed in the  
4       operation of an online sports pool or a sports wagering lounge, an individual  
5       shall provide the Board with his or her name, address, fingerprints, and written  
6       consent for the Board to perform a criminal history record check.

7       (3) The Board shall adopt rules identifying the criminal convictions that  
8       shall disqualify an individual from employment in the operation of an online  
9       sports pool or a sports wagering lounge.

10       § 1307. FEES

11       (a) The following fees shall be paid in relation to a sports wagering  
12       operator's license:

13               (1) For a new license, \$100,000.00.

14               (2) To renew a license, \$25,000.00.

15               (3) For a permit to operate a sports wagering lounge, \$5,000.00.

16       (b)(1) A person shall pay a fee of \$750.00 for a key casino employee  
17       license.

18       (2) A person shall pay a fee of \$95.00 to register an employee with the  
19       Board.

20       (c) A transaction fee of \$1.00 shall be paid to the Board for each online or  
21       in-person wager placed with a licensee.

1     § 1308. PROHIBITED ACTS

2           (a)(1) No person shall operate an online sports pool or sports wagering  
3     lounge without the license or permit required pursuant to this chapter.

4           (2)(A) An individual who violates the provisions of this subsection shall  
5     be subject to a fine of not more than \$25,000.00 for a first offense and a fine of  
6     not more than \$100,000.00 for a second or subsequent offense.

7           (B) A person other than a natural person who violates the provisions  
8     of this subsection shall be subject to a fine of not more than \$100,000.00 for  
9     each offense.

10          (b)(1) A licensee shall not accept any wager from an individual under  
11     21 years of age.

12          (2) A licensee shall not accept any wager through an online sports pool  
13     from an individual who is not physically present in Vermont or another  
14     jurisdiction in which sports betting is legal and that has a reciprocal agreement  
15     with the Board pursuant to section 1309 of this chapter.

16          (3) A licensee shall not accept any wagers in relation to a prohibited  
17     sports event.

18          (c)(1) The following persons shall not be permitted to have an ownership  
19     interest in a licensee, be employed by a licensee, or wager on a sports event  
20     that is overseen by his or her sports governing body:

21            (A) an athlete;

1           (B) a coach;

2           (C) a referee or other similar official;

3           (D) a director of a sports governing body or any of its member teams;

4           (E) a direct or indirect legal or beneficial owner of 10 percent or  
5 more of a sports governing body or any of its member teams;

6           (F) a person who holds a position of authority or influence sufficient  
7 to exert influence over the participants in a sports event, including managers,  
8 handlers, athletic trainers, or horse trainers; or

9           (G) a person with access to certain types of exclusive information on  
10 any sports event overseen by that person's sports governing body as  
11 determined by the Board by rule.

12           (2) An individual who violates the provisions of this subsection shall be  
13 fined not less than \$500.00 nor more than \$1,000.00 for each violation.

14           § 1309. LOCATION OF WAGERING

15           (a)(1) All wagers on sports events pursuant to this chapter shall be initiated,  
16 received, and made within Vermont unless otherwise determined by the Board  
17 in accordance with applicable federal and state laws.

18           (2) Wagers may only be accepted from persons who are not physically  
19 present in Vermont if the Board determines that the wagering is permitted by  
20 federal law and the law of the jurisdiction, including any foreign nation, in

1 which the person is located, and the wagering is conducted pursuant to a  
2 reciprocal agreement between Vermont and that jurisdiction.

3 (b) Pursuant to the Unlawful Internet Gambling Enforcement Act of 2006,  
4 31 U.S.C. §§ 5361–5367, the intermediate routing of electronic data relating to  
5 a lawful intrastate wager authorized under this provision shall not determine  
6 the location or locations in which the wager is initiated, received, or made.

7 § 1310. TAX ON SPORTS WAGERING

8 (a) A tax is imposed on the combined gross revenue generated by any  
9 online sports pool or sports wagering lounge that is operated by an online  
10 sports wagering operation license holder. The tax shall be at the following  
11 rates based on the monthly gross revenue of the licensee:

12 (1) if the gross revenue is \$50,000.00 or less, three-and-one-half  
13 percent;

14 (2) if the gross revenue is between \$50,000.00 and \$134,000.00,  
15 \$1,750.00 plus four-and-one-half percent of the gross revenue in excess of  
16 \$50,000.00; and

17 (3) if the gross revenue is greater than \$134,000.00, \$5,530.00 plus six-  
18 and-three-quarters percent of the gross revenue in excess of \$134,000.00.

19 (b) The Board of Liquor and Lottery shall collect the tax imposed under  
20 this section. The taxes collected shall be paid quarterly to the State Treasurer  
21 for deposit into the General Fund.





1       Sec. 3. EFFECTIVE DATES

2           (a) This act shall take effect on July 1, 2019.

3           (b) The Board of Liquor and Lottery shall:

4               (1) adopt rules necessary to implement this act on or before January 1,  
5               2020;

6               (2) begin accepting applications for licenses and permits pursuant to the  
7               provisions of 31 V.S.A. chapter 25 on February 1, 2020; and

8               (3) begin issuing licenses and permits pursuant to the provisions of  
9               31 V.S.A. chapter 25 on July 1, 2020.