

**BILL 22-944**  
**COMMITTEE ON FINANCE AND REVENUE**  
**DRAFT COMMITTEE PRINT**  
\_\_\_\_\_, \_\_, 2018

A BILL

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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

“(3) “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.

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

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

“(6) “Royalty fee” means a fee of one-quarter of one percent (0.25%) of the gross sports wagering revenue (as defined in (3) above) on sporting events conducted by registered sports governing bodies.

“(7) “Sports governing body” means the governing body for a sports league and shall include the following sports leagues, which must register with the Office to be a registered sports governing body: Major League Baseball, Major League Soccer, National Basketball Association, National Football League, National Hockey League, and the Women’s National Basketball Association.

“(8) “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 singlegame 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.

“(9) “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.

“(10) “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.

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

“(12) “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) The Office may require fingerprinting of an individual or group of individuals required 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.”.

(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 “into the General Fund of the District of Columbia as general purpose revenue funds of the District of Columbia” and inserting the phrase “into the General Fund of the District of Columbia as general purpose revenue funds of the 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:

“(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; and

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

“(b)(1) The Office shall establish internal control standards for 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 (“ABC 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.

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

“(b)(1) The Office shall issue the four 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 is duly licensed in accordance with this act.

“(B) 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 who directly or indirectly holds a 5% or greater beneficial or proprietary interest in the applicant’s business operation, or who 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 a renewal license issued pursuant to this title is 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; 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. License application information that contains proprietary information, trade secrets, financial information, or personal information about a person collected by the Office pursuant to this act shall not be a public record and may not be made available for inspection by the public under subchapter II of Chapter 5 of Title 2 or any other law.

“(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 act shall not be a public record and shall not be made available for inspection by the public under the Freedom of Information Act of 1976, effective March 13, 2004 (D.C. Law 15-105; D.C. Official Code § 2-531 *et. seq.*), or any other law.

“(e)(1)(A) A licensed 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 individual’s, group of individuals’, or entity’s application for a license or renewal within 10 days of the change.

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

“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, in a form determined by the Office, shall require:

“(A) The name of the applicant;

“(B) The mailing address and, if a corporation, the name of the state under the laws of 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;

“(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; or

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

“(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 Designated Facilities: Capital One Arena (601 F Street NW), Audi Field (100 Potomac Avenue SW), Nationals Park (1500 South Capitol Street SE), St. Elizabeths East Entertainment and Sports Arena (St. Elizabeths Campus) or Robert F. Kennedy Memorial Stadium (2400 East Capitol Street SE). The Office is prohibited from issuing a Class “B” operator license to an applicant whose sports wagering facility will be located within any of the Designated Facilities.

“(2) The term of a Class “A” operator license shall be 5 years and the non-refundable application fee, which shall be submitted with the application, shall be \$250,000.

“(3) A Class “A” operator license may be renewed for five-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) The Office may issue a Class “B” operator license to an applicant whose facility will not be located within any of the Designated Facilities. The Office is prohibited from issuing a Class “B” operator license to any applicant whose sports wagering facility will be located within a two block radius of any of the Designated Facilities. District operated sports wagering may not be offered within a two block radius of the Designated Facilities.

“(2) The term of a Class “B” operator license shall be five years and the application fee, which shall be submitted with the application, shall be \$50,000.

“(3) A Class “B” operator license may be renewed for five-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 annual 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:

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

“(D) Prohibit 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 are 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 individual, group of individuals, or entity that the sports governing body may provide to the Office; which list 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. These steps may include, at 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; provided that unauthorized or improper disclosure of names included on the self-exclusion list by operators shall be punishable by penalties determined by the Office, including revocation of an operator’s license;

“(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 those 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 who places wagers with the operator or seeks to place wagers with the operator;

“(16) Prohibit an individual, group of individuals, or entity who 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 who places wagers with the operator to terminate his or her account at any time and for any reason.”

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

“(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 sports wagering gross 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 deems necessary to carry out the provisions of this chapter.

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

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

“Sec. 308. Sports wagering management services providers.

“(a) An operator may enter into a management services contract that would permit a 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 act 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 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 a management services provider in accordance with this title.

“(c)(1) In considering whether to approve a management services provider (“MSP”) license application, the Office may consider evidence the MSP 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 who 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) 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, and offer services related to such equipment or other gaming items to a sports wagering operator shall obtain a supplier license from the Office. 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 and 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)(1) 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) 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 and 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 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 a DC Lottery mobile and web-based sports wagering operation, whichever can be shown to return the most revenue to the District.



“(b) The Office may license, as sports wagering retailers. Businesses that wish to be licensed as sports wagering retailers must also be licensed as lottery and daily numbers game agents. Active lottery licensees, as well as new applicants, will be required to apply to the Office for a separate sports wagering retailer license. In determining whether to approve an application for a sports wagering retailer (“retailer”) license, the Office shall consider the:

“(1) Financial responsibility of the individual, group of individuals, or entity and the individual’s, group of individuals’, or entity’s business or operation;

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

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

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

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

“(2) A retailer license may be renewed for two-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, by written instrument, 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 by other than a retailer licensee or an employee of the retailer licensee.

“(2) A 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 six months, or revocation of the retailer license, or all of the foregoing.”

“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 that has not received a pardon or who has not been released from parole or probation for at least five years;

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

“(F) Whether an individual, group of individuals, entity or company, has 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 who:

“(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 who 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 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 act or a regulation issued pursuant to this act, 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, 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 calendar day of each month, each sports wagering operator in the District 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)(1) The increased revenue realized from the tax imposed under subsection (a) of this section shall be directed as follows: the first \$200,000 of the revenue shall be used to fund programs through the Department of Behavioral Health to prevent, treat and research gambling addiction, 50% of the balance of the revenue shall be used to fund the Birth-to-Three for All DC Amendment Act of 2018 and 50% shall be deposited into the Neighborhood Safety and Engagement Fund (D.C. Code § 7-2413) established by DC Law 21-125, effective June 30, 2016.

#### Sec.316. Royalty Fees.

“(a) Upon submission to the Office and approval by the Office of a completed application form, the eligible sports governing body shall be deemed registered and shall be entitled to receive the royalty fees provided for in this section.

“(b) On or before the 20th calendar day of each month, each operator shall remit to the Office a royalty fee.

“(c) The royalty fee shall be remitted with a form as the Office may require, on which the sports wagering operator shall identify the percentage of wagering during the reporting period attributable to each registered sports governing body’s sporting events.

“(d) The Office shall withhold a royalty fee for disbursement to registered sports governing bodies under subsection (e).

“(e) No later than the thirtieth of April of each year, a registered sports governing body may submit a request for disbursement of royalty fees collected during the previous calendar year. The Office shall disburse the royalty fees to the registered sports governing body in pro rata proportion of the total amount wagered on its sporting events.

“(f) The Office shall annually publish a report stating the amount received from sports wagering operators in royalty fees and the amount paid to registered sports governing bodies.

“(g) (1) In connection with District-operated sports wagering, no later than the thirtieth of April of each year, the District shall pay a royalty fee to the registered sports governing body in pro rata proportion of the total amount wagered on its sporting events for the previous year.

(2) In exchange for payments of royalty fees described in subsection (g), the Office shall be entitled to access and use of registered sports leagues’ official league data, including in-game data, copyrights, trademarks, logos, game content, and player images and likenesses (“Data and Intellectual Property”) that may be used in association with District operated sports wagering. If a registered sports league withholds Data and Intellectual Property from the Office, or otherwise denies the Office access to Data and Intellectual Property, the Office shall withhold payment of the royalty fees described in subsection (g) to that registered sports league.

### Sec. 3. Qualified High Technology Companies Amendment

D. C. Official Code § 47-1817.01(5)(B) is amended by adding a new subparagraph (iv) to read:

“(iv) Any entity described in section 305(b)(1) in the Sports Wagering Lottery Amendment Act of 2018, D.C. Act 22-[ ], effective [ ].

### 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. 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. 6. 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.