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HOUSE BILL NO. 775

Offered January 13, 2016

Prefiled January 12, 2016

A *BILL to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 51, consisting of sections numbered 59.1-556 through 59.1-561, relating to the Fantasy Contests Act; registration required; conditions of registration; civil penalty.*

Patrons—Miller, Simon and Villanueva

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 59.1 a chapter numbered 51, consisting of sections numbered 59.1-556 through 59.1-561, as follows:

CHAPTER 51.**FANTASY CONTESTS ACT.****§ 59.1-556. Definitions.**

As used in this chapter, unless the context requires otherwise:

"Confidential information" means information related to the play of a fantasy contest by fantasy contest players obtained as a result of or by virtue of a person's employment.

"Department" means the Department of Agriculture and Consumer Services.

"Entry fee" means cash or cash equivalent that is required to be paid by a fantasy contest participant to a fantasy contest operator in order to participate in a fantasy contest.

"Fantasy contest" includes any fantasy or simulated game or contest in which (i) the value of all prizes and awards offered to winning participants is established and made known to the participants in advance of the contest; (ii) all winning outcomes reflect the relative knowledge and skill of the participants and shall be determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sports events; and (iii) no winning outcome is based on the score, point spread, or any performance of any single actual team or combination of teams or solely on any single performance of an individual athlete or player in any single actual event.

"Fantasy contest operator" or "operator" means a person or entity that offers fantasy contests for a cash prize to members of the public.

"Fantasy contest player" or "player" means a person who participates in a fantasy contest offered by a fantasy contest operator.

§ 59.1-557. Registration required; conditions of registration.

A. No fantasy contest operator shall offer fantasy contests with an entry fee in Virginia without first being registered with the Department. Registration shall be on an annual basis and be accompanied by a registration fee of \$50,000.

B. As a condition of its registration, a fantasy contest operator shall establish and implement procedures for fantasy contests with an entry fee to:

1. Prevent himself or his employees and relatives living in the same household as the operator from competing in any public fantasy contest offered by such operator in which the operator offers a cash prize;

2. Prevent sharing of confidential information that could affect fantasy contest play with third parties until the information is made publicly available;

3. Verify that any fantasy contest player is 18 years of age or older;

4. Ensure that individuals who participate in or officiate a fantasy contest when such individuals are the subject of a fantasy contest will be prevented from entering a fantasy contest that is determined, in whole or part, on the accumulated statistical results of a team of individuals in the fantasy contest in which they are a player;

5. Allow individuals to restrict themselves from entering a fantasy contest upon request and take reasonable steps to prevent those individuals from entering the operator's fantasy contests;

6. Disclose the number of entries a single fantasy contest player may submit to each fantasy contest and take reasonable steps to prevent such players from submitting more than the allowable number; and

7. Segregate player funds from operational funds in separate accounts and maintain a reserve in the form of cash, cash equivalents, irrevocable letter of credit, bond, or a combination thereof in the amount of the deposits in the player accounts for the benefit and protection of authorized players' funds held in player fund accounts.

C. An operator shall (i) annually contract with a certified public accountant to conduct an

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59 independent audit, consistent with the standards established by the Board of Accountancy, and (ii)
60 submit the audit report to the Department.

61 **§ 59.1-558. Civil penalty.**

62 Any person, firm, corporation, association, agent, or employee who violates any provision of this
63 chapter shall be liable for a civil penalty of not more than \$1,000 for each such violation, which
64 amount shall be paid into the State Literary Fund and recovered in a civil action brought by the
65 Department.

66 **§ 59.1-559. Fantasy contests conducted under this chapter not illegal gambling.**

67 Nothing contained in Article 1 (§ 18.2-325 et seq.) of Chapter 8 of Title 18.2 shall be applicable to a
68 fantasy contest conducted in accordance with this chapter.

69 **§ 59.1-560. Department to adjust fees; certain transfer of money collected prohibited.**

70 A. Nongeneral funds generated by fees collected in accordance with this chapter on behalf of the
71 Department and accounted for and deposited into a special fund by the Commissioner of the
72 Department shall be held exclusively to cover the expenses of the Department in administering this
73 chapter and shall not be transferred to any other agency.

74 B. Following the close of any biennium, when the account for the Department maintained under this
75 chapter shows expenses allocated to it for the past biennium to be more than 10 percent greater or less
76 than moneys collected on behalf of the Department, it shall revise the fees levied by it for registration
77 and renewal thereof so that the fees are sufficient but not excessive to cover expenses.

78 **§ 59.1-661. Powers and duties of Department.**

79 The Department shall have all powers and duties necessary to carry out the provisions of this
80 chapter.