

1 Sec. 1. FINDINGS

2 (a) The General Assembly finds that:

3 (1) The public interest in sports wagering in Vermont and throughout
4 the United States has grown rapidly, with 48 percent of adults indicating that
5 they are interested in sports wagering.

6 (2) Based on current participation rates and expected growth, it is
7 estimated that Vermont could generate from \$640,000.00 to \$4.8 million in the
8 first year of sports wagering operations and \$1.3 million to \$10.3 million in the
9 second year, depending on the regulatory model chosen by the General
10 Assembly.

11 (3) As of April 2022, 31 states and the District of Columbia have some
12 form of active legal sports wagering operations while an additional three states
13 have enacted laws or adopted ballot measures to permit legal sports wagering.
14 Further, 14 of the states without an active sports wagering market have
15 proposed some form of legal sports wagering market.

16 (4) The Department of Liquor and Lottery currently funds gambling
17 addiction services for Vermonters.

18 (b) Given the widespread participation in sports wagering, the existence of
19 an illegal sports wagering market in Vermont, and the benefits to the State of
20 operating a legal sports wagering market, the General Assembly finds that it is
21 necessary to establish a regulated sports wagering market that ensures the

1 safety of wagerers, a dedication to responsible gaming, and the integrity of
2 Vermont’s sports and wagering systems.

3 Sec. 2. 31 V.S.A. chapter 25 is added to read:

4 CHAPTER 25. SPORTS WAGERING

5 § 1301. DEFINITIONS

6 As used in this chapter:

7 (1) “Agent” means a party who is authorized by contract or agreement
8 with the Department to conduct a sportsbook.

9 (2) “Board” means the Board of Liquor and Lottery.

10 (3) “Category of wager” means the kind of event being wagered on.

11 (4) “Collegiate sports event” means a sports or athletic event
12 participated in or offered or sponsored by a public or private institution that
13 offers educational services beyond the secondary level.

14 (5) “Commissioner” means the Commissioner of the Department of
15 Liquor and Lottery or designee.

16 (6) “Department” means the Department of Liquor and Lottery.

17 (7) “Gross sports wagering revenue” means gross sports wagering
18 receipts, excluding voided bets, less winnings paid to authorized participants
19 and any federal excise tax.

1 (8) “High school sports event” means a sports or athletic event
2 participated in or offered or sponsored by a public or private institution that
3 offers educational services at the secondary level.

4 (9) “In-play sports wager” means a sports wager on a sports event after
5 the sports event has begun and before it ends.

6 (10) “Mobile sports wagering platform” means the combination of
7 hardware, software, and data networks used to manage, administer, record, or
8 control sports wagers through mobile devices or the internet.

9 (11) “Professional sports event” means an event at which two or more
10 persons participate in a sports or athletic event and receive compensation in
11 excess of actual expenses for their participation in the event.

12 (12) “Prohibited sports bettor” means:

13 (A) any member or employee of the Department and any spouse,
14 child, sibling, or parent residing in the same household as a member or
15 employee of the Department;

16 (B) any principal or employee of any agent;

17 (C) any contractor of the Department or its agents when the contract
18 relates to the conduct of sports wagering;

19 (D) any contractor or employee of an entity that conducts sports
20 wagering in another jurisdiction when the bettor, as a result of the bettor’s

1 contract or employment, possesses confidential or nonpublic information
2 relating to the wager being placed;

3 (E) any amateur or professional athlete if the sports wager is based in
4 whole or part on a sport or athletic event overseen by the athlete’s governing
5 sports body;

6 (F) any sports agent, owner, or employee of a team, player, umpire,
7 referee, coach, union official, or official of a sport’s governing body if the
8 sports wager is based in whole or in part on a sport or athletic event overseen
9 by the governing body that oversees the individual’s sport;

10 (G) any individual placing a wager as an agent of or proxy for a
11 prohibited sports bettor; or

12 (H) any person under 18 years of age.

13 (13)(A) “Prohibited sports event” means any:

14 (i) collegiate sports event in which one of the participants is a
15 collegiate team of a college institution that is primarily located in Vermont,
16 unless the collegiate sports event is subject to the provisions of
17 subdivision (12) of this subsection;

18 (ii) high school or collegiate sports event that takes place in
19 Vermont; and

20 (iii) amateur or professional sports event where the participants
21 are primarily under 18 years of age.

1 (B) “Prohibited sports event” does not mean the games of a collegiate
2 sports tournament in which a Vermont college team participates, nor does it
3 include any games of a collegiate sports tournament that occur outside
4 Vermont even though some of the individual games or events are held in
5 Vermont, and provided further that sports wagers are permitted on collegiate
6 sports tournament games in which a Vermont college team participates only if
7 the outcome of the wager is based on the outcome of all games within the
8 tournament.

9 (14) “Sportsbook” means the business of accepting wagers on any sports
10 event by any system or method of wagering.

11 (15) “Sports governing body” means the organization that prescribes
12 final rules and enforces codes of conduct with respect to a sporting event and
13 the participants therein.

14 (16) “Sports wager” means cash or cash equivalent paid by an individual
15 to participate in sports wagering.

16 (17) “Sports wagering” means wagering on sporting events or any
17 portion thereof or on the individual performance statistics of athletes
18 participating in a sports event, or a combination of sports events, by any
19 system or method of wagering, including but not limited to in person
20 communication and electronic communication through Internet websites
21 accessed via a mobile device or computer and mobile device applications.

1 “Sports wagering” includes single game bets, teaser bets, parlays, over-under
2 bets, money line bets, pools, exchange wagering, in game wagering, in-play
3 bets, proposition bets, and straight bets.

4 § 1302. DEPARTMENT OF LIQUOR AND LOTTERY; DUTIES

5 (a) The Commissioner is authorized to negotiate and contract to authorize
6 not more than six agents to operate a sportsbook in Vermont through a mobile
7 sports wagering platform. This subsection shall not be construed to require the
8 Department to authorize unqualified applicants to conduct a sportsbook.

9 (b) The Department, either independently or through its agent, shall
10 provide:

11 (1) Age verification measures to be undertaken to block access to and
12 prevent sports wagers by persons under 18 years of age.

13 (2) Identity verification through secure online databases or by
14 examination of photo identification.

15 (3) That mobile sports wagers must be initiated and received within the
16 State of Vermont and may not be intentionally routed outside the State. The
17 incidental intermediate routing of a mobile sports wager shall not determine
18 the location or locations in which the wager is initiated, received, or otherwise
19 made.

20 (4) Wager limits for daily, weekly, and monthly amounts consistent with
21 the best practices in addressing problem gambling.

1 (5) A voluntary self-exclusion program for players to exclude
2 themselves from wagering for a set period of time.

3 (6) Security mechanisms to ensure the confidentiality of wagering and
4 personal and financial information except as otherwise authorized by this
5 chapter.

6 (c) The Department shall approve wager categories and types in a
7 reasonable time frame. Once a particular category or wager type is approved
8 for its first use, it may be used on multiple events without further approval.
9 The Department may issue general approval for agents to conduct enumerated
10 types and categories of wagers.

11 (d) The Department shall only approve wagers on categories of events
12 where:

13 (1) the outcome can be verified;

14 (2) the outcome can be generated by a reliable and independent process;

15 and

16 (3) the event is conducted in conformity with applicable laws.

17 § 1303. PROCEDURES; REPORTS

18 (a)(1) The Board shall adopt procedures pursuant to 3 V.S.A. § 835 to
19 govern the establishment and operation of any sportsbook authorized by this
20 chapter. For each procedure proposed to be adopted or amended pursuant to
21 this section, the Board shall publish the proposal on the Department of Liquor

1 and Lottery’s website, provide notice of the proposal to all agents, provide not
2 less than 30 days for public comment on the proposal, and hold not less than
3 two public hearings at which members of the public may seek additional
4 information or submit oral or written comments on the proposal.

5 (2) The Board shall not be required to initiate rulemaking pursuant to
6 3 V.S.A. § 831(c) in relation to a procedure adopted pursuant to this section.

7 (3) A procedure adopted pursuant to this section shall have the force of
8 law and be binding on all persons who play or offer sports wagering within the
9 State.

10 (b) The Board shall adopt procedures pursuant to this section that govern
11 the following minimum standards for the Department’s agents:

12 (1) Minimum computer system security, including:

13 (A) documented system security testing performed by a licensed
14 third-party contractor approved by the Department;

15 (B) unique identification and verification systems for wagers;

16 (C) procedures to prevent past posting of wagers;

17 (D) minimum data that must be recorded relating to each wager;

18 (E) system redundancy to ensure recording of wagers during a system
19 outage; and

20 (F) integration with an independent control system to ensure integrity
21 of system wagering information;

1 (2) sports wagering system requirements that meet or exceed Gaming
2 Laboratories International’s GLI-33: Standards for Event Wagering Systems,
3 and its appendices, as amended or modified (GLI-33);

4 (3) minimum house rules, including:

5 (A) the method for calculation and payment of winning wagers;

6 (B) the effect of schedule changes for a sports event;

7 (C) the method of notifying bettors of odds or proposition changes;

8 (D) acceptance of wagers at terms other than those posted;

9 (E) circumstances under which the agent will void a bet; and

10 (F) treatment of errors, late bets, and related contingencies;

11 (4) minimum accounting controls, including:

12 (A) processes for recording collection of wagers, payment of wagers,
13 and cancellation of wagers issued; and

14 (B) requirements for an annual audit of accounting controls;

15 (5) minimum internal control standards; and

16 (6) minimum cash reserves to be maintained by each agent.

17 (c) The procedures adopted pursuant to this section shall be submitted to
18 the Sports Betting Study Committee for review and comment prior to formal
19 implementation by the Board.

20 (d) Annually, each agent shall submit to the Department a responsible
21 gaming plan that shall include information related to posting of materials

1 related to problem gaming, resources to be made available to bettors
2 expressing concerns about problem gaming, house-imposed player limits, and
3 self-exclusion programs. The Commissioner shall require each applicant to
4 submit a responsible gaming plan prior to authorizing the applicant to conduct
5 a sportsbook within the State.

6 § 1304. SPORTS WAGERING AGENTS; COMPETITIVE BIDDING

7 PROCESS

8 (a) The Commissioner shall select agents through a competitive bidding
9 process.

10 (b) The Board shall adopt procedures pursuant to 3 V.S.A. § 835 to
11 establish criteria for the selection of agents. At a minimum, the Board's
12 guidelines shall require an applicant to include the following in the proposal:

13 (1) an estimate of the applicant's potential gross sports wagering
14 revenue and the percentage of gross revenue from mobile sports wagering the
15 applicant will pay to the State if selected to be an agent;

16 (2) the number of skins the operator proposes to use for its sports
17 wagering operations in Vermont;

18 (3) the applicant's responsible gaming plan and a description of
19 responsible gaming safeguards that the applicant currently employs;

1 (4) a list of all jurisdictions where the applicant and any parent
2 companies are currently authorized to conduct sports wagering operations;

3 (5) the applicant’s player acquisition model, advertising and affiliate
4 programs, and marketing budget, including details on how the applicant will
5 convert customers from wagering through illegal channels to wagering legally
6 in the State;

7 (6) the estimated time frame for implementing the applicant’s sports
8 wagering operations;

9 (7) the applicant’s integrity monitoring systems, including any current
10 affiliations related to integrity monitoring; and

11 (8) the applicant’s plan for maximizing sustainable, long-term revenue
12 for the State, including a detailed market analysis.

13 (c) The Department shall impose the following licensing and operating
14 fees:

15 (1) A new agent shall pay a one-year license fee of \$50,000.00. If after
16 the first year of licensure there are not significant ownership or other changes
17 as determined by the Department, an annual license renewal fee shall be
18 \$20,000.00. Licenses shall be valid for one year from the date of issuance.
19 License fees shall not be prorated.

20 (2) A licensed agent shall pay an annual operational fee of \$100,000.00.

1 § 1305. PROHIBITED ACTIVITIES

2 The Department's agents are prohibited from the following activities:

3 (1) accepting or making payment relating to sports wagers made by
4 prohibited sports bettors;

5 (2) accepting sports wagers on prohibited sports events; or

6 (3) accepting sports wagers from persons who are physically outside the
7 State of Vermont at the time the sports wager is placed.

8 § 1306. PROCEEDS TO GENERAL FUND

9 The proceeds received by the Department from sports wagering, less the
10 administrative costs of the Department, shall be deposited in the General Fund.

11 § 1307. MAINTAINING SPORTS INTEGRITY

12 The Department and its agents may participate in national and international
13 monitoring services and associations and may share betting information with
14 those entities and sports governing bodies in order to ensure the integrity of
15 sports wagers and sports events. The Commissioner may restrict, limit, or
16 exclude wagering on a sports event if the Commissioner determines that the
17 restriction, limitation, or exclusion is necessary to ensure the integrity of the
18 sportsbook.

19 § 1308. ACCESS TO FINANCIAL REPORTS

1 The Department may require financial and compliance reports from its
2 agents at any time and may conduct audits of these reports to ensure that the
3 State receives the contractual share of revenue.

4 § 1309. COMPLIANCE OVERSIGHT

5 (a) The Department shall retain oversight of its agents to ensure that all
6 sports wagering activities are conducted in accordance with this chapter, any
7 contractual terms, and any procedures adopted by the Department.

8 (b) Any failure to comply with this chapter, contractual terms, or any
9 procedures adopted by the Department may be brought before the Board of
10 Liquor and Lottery. The Board shall have the authority to impose sanctions on
11 an agent for a violation, including monetary penalties, suspension of agent
12 operations within the State, and the termination of all agent operations within
13 the State. The Department may also bring an action in a Vermont court for
14 damages, injunctive relief, or enforcement of monetary penalties related to any
15 contract violation.

16 § 1310. CONFIDENTIALITY OF RECORDS

17 (a) When produced or acquired by the Department pursuant to this chapter,
18 the following records are exempt from public inspection and copying under the
19 Public Records Act and shall be kept confidential:

20 (1) personal information and background check documents;

1 (2) any lists of names, including information related to voluntary self-
2 exclusion;

3 (3) trade secrets, business records, financial records, and related
4 information; and

5 (4) records relating to agent security, technology, facilities, or systems.

6 (b) The Public Records Act exemptions created in this section shall not be
7 subject to the provisions of 1 V.S.A. 317(e) (repeal of Public Records Act
8 exemptions).

9 § 1311. CRIMES AND PENALTIES

10 (a) A person who is not permitted to conduct sports wagering pursuant to
11 this chapter that operates, conducts, or exposes sports wagering for play or
12 accepts a bet or wager associated with sports wagering shall be fined not more
13 than \$10,000.00 or imprisoned not more than six months, or both.

14 (b) A person convicted of a second violation or subsequent violation of
15 subsection (a) of this section shall be fined not more than \$25,000.00 or
16 imprisoned not more than one year, or both.

17 (c) A person convicted of a third or subsequent violation of subsection (a)
18 of this section shall be fined not more than \$50,000.00 or imprisoned not more
19 than two years, or both.

20 Sec. 3. EFFECTIVE DATE

21 This act shall take effect on passage.