

HOUSE BILL NO. 145

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE NELSON

Introduced: 3/21/25

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act authorizing mobile sports wagering; relating to the regulation of mobile sports**
2 **wagering; imposing a tax on mobile sports wagering revenue; relating to criminal**
3 **history record checks for licensure to operate mobile sports wagering; and providing for**
4 **an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** AS 04.11.370(c) is amended to read:

7 (c) If the board receives notice from the Department of Revenue that a
8 licensee or permittee has violated a provision of AS 05.15 or AS 05.18 related to
9 gambling, the board

10 (1) may suspend the license or permit; and

11 (2) shall suspend the license or permit for a period of at least 30 days if
12 the offense is the person's second or subsequent violation of AS 05.15 or AS 05.18
13 related to gambling.

14 * **Sec. 2.** AS 05 is amended by adding a new chapter to read:

Chapter 18. Mobile Sports Wagering.

Sec. 05.18.010. Mobile sports wagering license. (a) A person may not offer or operate mobile sports wagering in this state without a license issued under this chapter.

(b) The commissioner may issue or renew a mobile sports wagering license to a person that

(1) submits an application on a form approved by the commissioner;

(2) pays the license fee required under (d) of this section;

(3) meets the application requirements established under (c) of this section;

(4) has, or has a subsidiary, partner, or joint operating agreement with a person who has, a mobile sports wagering license in at least three other states;

(5) meets any other qualifications established by the commissioner by regulation; and

(6) has submitted the fingerprints of the applicant and each person disclosed under (c)(2) of this section and has provided the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice information and a national criminal history record check; the fingerprints and fees shall be forwarded to the Department of Public Safety to obtain a report of criminal justice information under AS 12.62 and a national criminal history record check under AS 12.62.400; or submits the results of a criminal history record check conducted in another state within the previous 12 months and a certification that there has been no material change since the criminal history record check was completed.

(c) An applicant for a license or license renewal under this chapter shall

(1) include in the application the name, current address, and telephone number of the applicant;

(2) disclose, if the applicant is not an individual,

(A) the state in which the applicant is incorporated, organized, or formed and any state in which the applicant is registered to do business;

(B) the names and addresses of all of the applicant's partners, executive officers, managers, directors, and corporate officers;

(C) each corporate holding company, parent company, or subsidiary company of a corporate applicant and each person that owns 15 percent or more of the corporate applicant's business and that has the ability to control the activities of the corporate applicant or elect a majority of the board of directors of that corporate applicant, except for a bank or other licensed lending institution that holds a mortgage or other lien acquired in the ordinary course of business;

(D) each person associated with a noncorporate applicant that directly or indirectly holds a beneficial or proprietary interest in the noncorporate applicant's business operation or that the commissioner otherwise determines has the ability to control the noncorporate applicant; and

(E) any executive, employee, or agent of the applicant who has ultimate decision-making authority over the conduct of the applicant's mobile sports wagering operations in the state;

(3) provide a record of any other gambling-related licenses or applications previously issued or revoked for the applicant under this chapter or in any other jurisdiction;

(4) provide proof that the mobile sports wagering system the applicant intends to use has been tested and certified for use in another jurisdiction of the United States by an independent testing laboratory; and

(5) provide any additional information required by the commissioner.

(d) An applicant for an initial license or license renewal under this section shall pay a license fee of \$100,000. In addition to the license fee, the commissioner may charge a processing fee for an initial or renewed license.

(e) A mobile sports wagering license issued under this section grants a licensee the authority to conduct mobile sports wagering through any mobile application or digital platform approved by the commissioner within the terms of the license and regulations adopted under this chapter. A mobile sports wagering license or renewal is valid for one year unless suspended or revoked under AS 05.18.020 and may not be transferred to another person.

(f) A licensee shall give written notice within 30 days after any material

1 change to information provided in the licensee's application for a license or license
2 renewal, including any change in the information disclosed in (c)(2) of this section.

3 (g) The commissioner may not approve the issuance of more than 10 mobile
4 sports wagering licenses under this section. If there are more applicants than available
5 licenses, the commissioner shall issue licenses to the applicants that the commissioner
6 determines are the most qualified based on each applicant's past relevant experience
7 and projected adjusted gross revenue and the projected amount of tax revenue the
8 applicant is expected to generate.

9 (h) The commissioner shall keep confidential all application information used
10 in the course of approving or denying an application, including any proprietary
11 information, confidential commercial information, or confidential financial
12 information that pertains to an applicant or licensee. The commissioner may only
13 release records and information that are kept confidential under this subsection

14 (1) if the release is necessary to comply with a court order, if the
15 requester is a state or federal agency, or if the requester is under contract with the state
16 or federal agency to conduct research;

17 (2) if the information is an aggregate compilation of tax information
18 from three or more licensees; and

19 (3) after 25 years, at which time the records and information that were
20 kept confidential under this subsection become public records subject to inspection
21 and copying under AS 40.25.110 - 40.25.140.

22 **Sec. 05.18.020. Denial, reprimand, suspension, or revocation of license.**

23 The commissioner may deny a license to an applicant, reprimand a licensee, or
24 suspend or revoke a license if the applicant or licensee

25 (1) knowingly makes a false statement of material fact to the
26 commissioner;

27 (2) intentionally does not disclose the existence or identity of a person
28 as required under AS 05.18.010(c)(2);

29 (3) has had a license revoked by any government agency responsible
30 for the regulation of wagering or gaming activities;

31 (4) has been convicted of a crime of moral turpitude, a gambling-

1 related offense, or a theft or fraud offense or has otherwise demonstrated, evidenced
 2 by a police record or other satisfactory evidence, a lack of respect for law and order;

3 (5) has not demonstrated to the satisfaction of the commissioner
 4 financial responsibility sufficient to adequately meet the requirements of the operation
 5 of a mobile sports wagering business or proposed mobile sports wagering business; or

6 (6) has not met the requirements of this chapter.

7 **Sec. 05.18.030. Licensee duties.** (a) A licensee shall

8 (1) use a software monitoring system that meets industry standards to
 9 identify irregularities in volume or usage changes that may signal suspicious activity
 10 requiring further investigation; a licensee shall promptly report irregular activity to the
 11 commissioner for further investigation;

12 (2) promptly report to state or federal law enforcement any facts or
 13 circumstances related to the operation of a mobile sports wagering system that
 14 constitute a violation of state or federal law, any suspicious betting over a threshold set
 15 by the licensee and approved by the commissioner, or any betting that would require
 16 disclosure under 31 C.F.R. 1021.320;

17 (3) conduct all mobile sports wagering activities in a manner that does
 18 not threaten the public health, safety, or welfare of the people of the state;

19 (4) verify the identity of a person opening a sports wagering account to
 20 ensure that persons placing wagers are real;

21 (5) keep current all payments and obligations to the commissioner;

22 (6) prevent any person from tampering or interfering with the
 23 operation of mobile sports wagering activities;

24 (7) ensure that mobile sports wagering is offered only using a mobile
 25 application or digital platform approved by the commissioner, in a manner consistent
 26 with federal law, that uses communication technology to accept wagers originating in
 27 the state or in a state or jurisdiction approved by the commissioner;

28 (8) maintain sufficient funds to conduct mobile sports wagering at all
 29 times; and

30 (9) maintain daily records of gross receipts and adjusted gross receipts
 31 and timely file any additional reports required by the commissioner.

(b) A licensee may not advertise or otherwise promote mobile sports wagering to persons under 21 years of age.

Sec. 05.18.040. Commissioner of revenue to administer chapter; duties of commissioner. (a) The commissioner shall

(1) administer and enforce this chapter;
 (2) keep a record of all licenses issued under this chapter;
 (3) impose and collect all fees, penalties, and tax on adjusted gross revenue imposed by this chapter.

(b) The commissioner may

(1) conduct hearings and investigations necessary to administer this chapter;

(2) issue a subpoena to compel the attendance of a witness or a subpoena duces tecum for the production of books, records, and other relevant documents necessary for an investigation under this chapter;

(3) administer an oath or affirmation to a witness;

(4) take appropriate action to enforce this chapter, including filing a petition for injunctive relief, bringing a civil action, or issuing a notice of violation of this chapter or a regulation adopted under this chapter, an order to cease and desist, or a closure order;

(5) enter into a mobile sports wagering agreement with another state, territory, jurisdiction, government, or other entity to accept wagers from patrons located outside the state, in compliance with applicable state and federal law; and

(6) take all necessary actions to ensure that a mobile sports wagering agreement entered into under this chapter becomes effective.

Sec. 05.18.050. House rules; required disclosures. (a) A licensee shall adopt house rules for mobile sports wagering transactions. The house rules must specify how amounts to be paid on winning wagers are determined, the circumstances under which the licensee will void a bet, treatment of errors, late bets, and related contingencies, and the effect of schedule changes. A licensee shall obtain approval of house rules from the commissioner before starting mobile sports wagering operations.

(b) The house rules must be available on the mobile sports wagering system.

(c) A licensee shall include a statement on its mobile sports wagering system providing information on gambling disorders and resources and entities providing assistance for gambling disorders, including the telephone number 1-800-GAMBLER. The licensee shall display the statement in a manner and place conspicuous to a person gambling on the mobile sports wagering system.

Sec. 05.18.060. Permissible forms of mobile sports wagering. Permissible forms of mobile sports wagering that may be conducted under a mobile sports wagering license include single-game bets, teaser bets, parlays, over-under, money-line, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, straight bets, futures, and other forms of sports wagering approved by the commissioner.

Sec. 05.18.070. Wagers and excluded persons. (a) A licensee may accept wagers on wagering events through the use of a mobile application, a digital platform, or a person's sports wagering account.

(b) A licensee may accept and place layoff wagers by and with other licensees. A licensee placing a layoff wager with another licensee shall inform the other licensee that the wager is being placed by a licensee and disclose the licensee's identity.

(c) A person placing a wager must be 21 years of age or older and physically located in the state or in a state, territory, or jurisdiction with which the commissioner has entered into a mobile sports wagering agreement.

(d) The commissioner or a licensee may exclude a person from participating in or operating mobile sports wagering. The commissioner shall keep a list of all excluded persons and share the list with each licensee.

(e) A licensee, employee of a licensee, or family member living in the same household of a licensee may not place a wager on any wagering event through the mobile sports wagering system under control of the licensee.

Sec. 05.18.080. Funding wagers. (a) A licensee may establish a sports wagering account electronically through an approved mobile application or digital platform.

(b) A licensee shall permit a person to fund a sports wagering account using

(1) a credit or debit card in that person's name;

- 1 (2) bonuses or promotions;
- 2 (3) electronic bank transfers from a bank account in that person's
- 3 name;
- 4 (4) an online or mobile payment system that supports online money
- 5 transfers;
- 6 (5) any other means approved by the commissioner.

7 **Sec. 05.18.090. Mobile sports wagering revenue tax.** (a) Each calendar year,
 8 a tax of 20 percent is levied on the adjusted gross revenue received by a licensee from
 9 mobile sports wagering authorized under this chapter. The provisions of AS 43.05 and
 10 AS 43.10 apply to the enforcement and collection of the tax.

11 (b) On or before the 15th day of each month, a licensee shall complete and
 12 submit to the commissioner, by electronic means on a form prescribed by the
 13 commissioner, a tax return for each preceding month that includes

- 14 (1) the gross revenue and adjusted gross revenue received from mobile
- 15 sports wagering authorized under this chapter for the preceding month;
- 16 (2) the tax due for which the licensee is liable;
- 17 (3) any additional information necessary for the computation and
- 18 collection of the tax on adjusted gross revenue under this section.

19 (c) A licensee shall remit the tax due, as shown on the tax return filed under
 20 (b) of this section, by electronic means simultaneously with the filing of the return.

21 (d) If the winnings paid to a licensee's patrons exceed the licensee's gross
 22 revenue for a month, the licensee may carry forward the negative amount for tax
 23 returns filed in subsequent months for up to three years from the date of the negative
 24 gross receipt. The negative amount of adjusted gross revenue may not be carried back
 25 to an earlier month and tax revenue previously received by the commissioner may not
 26 be refunded, unless the licensee surrenders its mobile sports wagering license and the
 27 licensee's last return reported negative adjusted gross revenue.

28 (e) A licensee under AS 05.18.010 is exempt from taxes levied and collected
 29 on wagering revenue by municipalities.

30 **Sec. 05.18.100. Regulations.** The commissioner shall adopt regulations under
 31 AS 44.62 (Administrative Procedure Act) necessary to carry out this chapter. When

1 adopting regulations, the commissioner shall review regulations in other states where
 2 mobile sports wagering is conducted and, as practicable, adopt similar regulations.
 3 The regulations must include

4 (1) standards and procedures for the issuance, renewal, and revocation
 5 of a mobile sports wagering license;

6 (2) the establishment of fees necessary to administer and enforce this
 7 chapter;

8 (3) instructions for how wagers on a wagering event or series of
 9 wagering events may be placed and accepted;

10 (4) a requirement that a licensee use the accrual method of accounting;

11 (5) the types of records a licensee must keep;

12 (6) protections for patrons;

13 (7) promotion of social responsibility and responsible wagering;

14 (8) standards for the adoption of house rules by a licensee and the
 15 approval of house rules;

16 (9) minimum design and security requirements for mobile applications
 17 and digital platforms for the acceptance of wagers from digital participants, including
 18 age verification, physical location in the state, and identity requirements;

19 (10) minimum design, security, testing, and approval requirements for
 20 mobile sports wagering systems;

21 (11) standards for involuntary placement on a list of persons who are
 22 not authorized to wager on wagering events and procedures for voluntarily requesting
 23 one's name to be included on the list or removed from the list;

24 (12) internal control standards for a licensee, including procedures for
 25 safeguarding assets and revenue; recording of cash and indebtedness; maintenance of
 26 reliable records, accounts and reports of transactions, and operations and events;
 27 required audits; and the content of and frequency with which reports of mobile sports
 28 wagering activities and revenue shall be made to the commissioner; and

29 (13) other matters the commissioner considers necessary to carry out
 30 the purposes of this chapter and to protect the public interest.

31 **Sec. 05.18.110. Violations of chapter; fraudulent acts.** If a person violates

1 this chapter or engages in a fraudulent act, the commissioner may

2 (1) if the person is a licensee, suspend, revoke, or restrict the license of
3 the licensee;

4 (2) if the person is an employee of a licensee, require the suspension or
5 termination of the employee in order for the licensee to continue operations;

6 (3) impose for each violation of this chapter a penalty of not more than
7 \$10,000.

8 **Sec. 05.18.120. Authorized activities a privilege.** The activities specified in
9 AS 05.18.010 may be permitted as a privilege and do not confer a right on any person
10 to conduct the activities.

11 **Sec. 05.18.190. Definitions.** In this chapter,

12 (1) "adjusted gross revenue" means gross revenue from mobile sports
13 wagering authorized under this chapter, less winnings, voided bets, and excise taxes
14 paid under federal law;

15 (2) "commissioner" means the commissioner of revenue;

16 (3) "gross revenue" means the total amount of wagers received;

17 (4) "licensee" means a person licensed under this chapter;

18 (5) "mobile sports wagering" means the business of accepting wagers
19 on a wagering event, a portion of a wagering event, individual performance statistics
20 of an individual participating in a wagering event, or a combination of performance
21 statistics of individuals participating in a wagering event by a system or method of
22 wagering approved by the commissioner conducted on a mobile application or digital
23 platform that uses communication technology to accept wagers; "mobile sports
24 wagering" does not include fantasy sports contests in which participants assemble
25 teams of athletes or individuals and the winning outcome may depend on the
26 knowledge and skill of the participants but is determined predominantly by the
27 accumulated statistical results of the performance of athletes or individuals
28 participating in the sporting event;

29 (6) "professional athletic event" means an event at which two or more
30 contestants participate in an athletic event and one or more contestants have the
31 opportunity to receive compensation that exceeds the contestant's actual expenses for

1 their participation in the event;

2 (7) "sports wagering account" means a financial account established by
3 a licensee for a patron in which the patron may deposit and withdraw funds for wagers
4 and other authorized purchases, and to which the licensee may credit winnings or
5 other amounts due to a patron;

6 (8) "wager" means a sum of money or thing of value risked on an
7 uncertain occurrence;

8 (9) "wagering event" includes a collegiate, amateur, or professional
9 athletic event, an international athletic event, a motor vehicle race, an electronic
10 sporting event, or another event permitted by the commissioner; "wagering event"
11 does not include an athletic event, other than an Olympic event, in which most of the
12 participants are under 18 years of age.

13 * **Sec. 3.** AS 11.66.280(3) is amended to read:

14 (3) "gambling" means that a person stakes or risks something of value
15 upon the outcome of a contest of chance or a future contingent event not under the
16 person's control or influence, upon an agreement or understanding that that person or
17 someone else will receive something of value in the event of a certain outcome;
18 "gambling" does not include

19 (A) bona fide business transactions valid under the law of
20 contracts for the purchase or sale at a future date of securities or commodities
21 and agreements to compensate for loss caused by the happening of chance,
22 including contracts of indemnity or guaranty and life, health, or accident
23 insurance;

24 (B) playing an amusement device that

25 (i) confers only an immediate right of replay not
26 exchangeable for something of value other than the privilege of
27 immediate replay and does not contain a method or device by which the
28 privilege of immediate replay may be cancelled or revoked;

29 (ii) confers only tickets, credits, allowances, tokens, or
30 anything of value that can be redeemed for toys, candy, or electronic
31 novelties offered at the same facility where the amusement device is

located; or

(iii) allows a player to manipulate a claw machine or similar device within an enclosure and enables a person to receive merchandise directly from the machine;

(C) an activity authorized by the Department of Revenue under AS 05.15 or AS 05.18; or

(D) the permanent fund dividend raffle authorized under AS 43.23.230;

* **Sec. 4.** AS 12.62.400(a) is amended by adding a new paragraph to read:

(26) licensure to operate mobile sports wagering under AS 05.18.010.

* **Sec. 5.** AS 44.64.030(a)(2) is amended to read:

(2) AS 05.15 and AS 05.18 (charitable gaming; mobile sports wagering);

* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. (a) The Department of Revenue may adopt regulations necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by the regulation.

(b) If the Department of Revenue adopts regulations under this section after the effective date of secs. 1 - 5 and 7 of this Act, the regulations may be imposed retroactively to the effective date of secs. 1 - 5 and 7 of this Act.

* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: START OF OPERATIONS. The Department of Revenue shall announce to the general public, at least 14 days in advance, when licensees operating under AS 05.18.010, enacted by sec. 2 of this Act, may start operations. Operations may not start under this section until the commissioner of revenue issues a minimum of three licenses under AS 05.18.010, enacted by sec. 2 of this Act.

* **Sec. 8.** Section 6 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 9.** Except as provided in sec. 8 of this Act, this Act takes effect January 1, 2026.