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S.77

Introduced by Senators Sears, Pearson, Sirotkin and Westman

Referred to Committee on

Date:

Subject: Recreation and sports; sports wagering

Statement of purpose of bill as introduced: This bill proposes to authorize the establishment of a system for the operation of mobile and lottery-based sports wagering through the Department of Liquor and Lottery.

An act relating to sports wagering

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

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

CHAPTER 25. SPORTS WAGERING

§ 1301. DEFINITIONS

As used in this chapter:

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

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

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

1           (4) “Commissioner” means the Commissioner of the Department of  
2           Liquor and Lottery or designee.

3           (5) “Department” means the Department of Liquor and Lottery.

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

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

9           (8) “Lottery sports wagering” means Tier III wagers placed through a  
10          lottery-based network.

11          (9) “Mobile sports wagering platform” means the combination of  
12          hardware, software, and data networks used to manage, administer, record, or  
13          control sports wagers.

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

17          (11) “Prohibited sports bettor” means:

18               (A) any member or employee of the Department and any spouse,  
19               child, sibling, or parent residing in the same household as a member or  
20               employee of the Department;

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

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

3           (D) any contractor or employee of an entity that conducts sports  
4 wagering in another jurisdiction when the bettor, as a result of his or her  
5 contract or employment, possesses confidential or nonpublic information  
6 relating to the wager being placed;

7           (E) any amateur or professional athlete if the sports wager is based in  
8 whole or part on a sport or athletic event overseen by the athlete's governing  
9 sports body;

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

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

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

17          (12)(A) "Prohibited sports event" means any:

18            (i) collegiate sports event in which one of the participants is a  
19 collegiate team of a college institution that is primarily located in Vermont,  
20 unless the collegiate sports event is subject to the provisions of  
21 subdivision (12) of this subsection;

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

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

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

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

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

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

20                   (16) “Sports wagering” means wagering on sporting events or any  
21 portion thereof or on the individual performance statistics of athletes

1 participating in a sports event, or combination of sports events, by any system  
2 or method of wagering, including but not limited to in person communication  
3 and electronic communication through Internet websites accessed via a mobile  
4 device or computer and mobile device applications. “Sports wagering” shall  
5 include single game bets, teaser bets, parlays, over-under bets, money line bets,  
6 pools, exchange wagering, in game wagering, in-play bets, proposition bets,  
7 and straight bets.

8 (17) “Tier I sports wager” means a sports wager that is placed before the  
9 start of the sports event and is determined solely by the final score or final  
10 outcome of that single sports event.

11 (18) “Tier II sports wager” means an in-play sports wager.

12 (19) “Tier III sports wager” means any sports wager that is not a tier I or  
13 tier II sports wager.

14 § 1302. DEPARTMENT OF LIQUOR AND LOTTERY; DUTIES

15 (a) The Department and its agents are authorized to operate one or more  
16 sportsbooks that offer tier I, tier II, and tier III sports wagers through a mobile  
17 sports wagering platform by mobile devices or over the Internet. At any given  
18 time, the Department may authorize a maximum of six mobile sports wagering  
19 agents to conduct a sportsbook within the State.

20 (b) The Department is also authorized to offer sports wagers through  
21 lottery retailers. The Department shall determine the type of wagering

1 permitted at lottery retailers. The Department may retain vendors to support  
2 the operation of a sportsbook through lottery retailers.

3 (c) The Department, either independently or through its agent, shall  
4 provide:

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

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

9 (3) That mobile sports wagers must be initiated and received within the  
10 state of Vermont and may not be intentionally routed outside the State. The  
11 incidental intermediate routing of a mobile sports wager shall not determine  
12 the location or locations in which the wager is initiated, received, or otherwise  
13 made.

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

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

18 (6) Security mechanisms to ensure the confidentiality of wagering and  
19 personal and financial information except as otherwise authorized by this  
20 chapter.

1       (d) The Department shall approve wager categories and types in a  
2       reasonable time frame. Once a particular category or wager type is approved  
3       for its first use, it may be used on multiple events without further approval.  
4       The Department may issue general approval for agents to conduct enumerated  
5       types and categories of wagers.

6       (e) The Department shall only approve wagers on categories of events  
7       where:

8           (1) the outcome can be verified;

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

10       and

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

12       (f) Wagers made under this chapter shall be made with cash or a cash  
13       equivalent, PayPal, debit card, ACH, promotional funds, or any other means  
14       approved by the Department.

15       (g) Any agent who sends or receives electronic sports wagers is responsible  
16       to ensure that any transfer of that wager is initiated and received and completed  
17       within the State of Vermont and that only incidental intermediate routing of the  
18       wager occurs outside the State.

19       § 1303. RULES; REPORTS

20       (a) The Commissioner may adopt rules, pursuant to 3 V.S.A. chapter 25,  
21       relating to the operation, licensing, conduct, location, and oversight of

1 sportsbooks. Any rules may be adopted as emergency rules as necessary to  
2 implement this chapter, provided that the Commissioner demonstrates that  
3 immediate adoption is necessary to avoid a threat to public health, safety, or  
4 general welfare.

5 (b) The Commissioner shall adopt rules governing the following minimum  
6 standards for the Department's agents:

7 (1) Minimum physical security and personnel security, including:

8 (A) surveillance plans;

9 (B) user access controls for sportsbook personnel;

10 (C) segregation of duties within the sportsbook;

11 (D) employment background checks and policies;

12 (E) automated and manual risk management procedures;

13 (F) procedures for identifying and reporting fraud and suspicious  
14 conduct;

15 (G) procedures to establish connectivity with monitoring services or  
16 sports governing bodies relating to suspicious activity;

17 (H) any and all monitoring systems utilized by the agents or vendor  
18 to report and receive information on suspicious betting activities;

19 (I) systems and procedures to prevent prohibited sports bettors from  
20 placing wagers;

21 (J) description of anti-money laundering compliance standards; and



1           (K) descriptions of all integrated third-party systems or components  
2           and the security procedures relating to those systems.

3           (2) Minimum computer system security, including:

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

6           (B) a description of all software applications that comprise the  
7           system;

8           (C) a procedure for third-party auditing of financial transactions  
9           received by the system;

10          (D) a description of all types of wagers supported by the system;

11          (E) unique identification and verification systems for wagers;

12          (F) procedures to prevent past posting of wagers;

13          (G) a list of data recorded relating to each wager;

14          (H) system redundancy to ensure recording of wagers during a  
15          system outage;

16          (I) a mechanism to provide read only access to the Department to the  
17          back office system for the purposes of reviewing and auditing wagering  
18          activities;

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

1           (K) capabilities for canceling existing wagers, freezing or suspending  
2           wagering across the platform, or for specific events; and

3           (L) any other issue identified by the Department upon review of the  
4           proposed gaming system.

5           (3) Minimum house rules, including:

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

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

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

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

10          (E) expiration dates for winning tickets;

11          (F) circumstances under which the agent will void a bet;

12          (G) treatment of errors, late bets, and related contingencies;

13          (H) method of contacting the agents or vendor for questions or  
14          complaints;

15          (I) description of those persons who are prohibited from wagering  
16          with the agents or contractor if broader than the prohibited bettors set forth in  
17          this chapter; and

18          (J) the method and location for posting and publishing the approved  
19          house rules.

20          (4) Minimum accounting controls, including:

1           (A) processes for recording collection of wagers, payment of wagers,  
2           and cancellation of wagers issued; and

3           (B) the establishment of a segregated account related to Vermont  
4           sports wagering activities.

5           (c) Annually, each Department agent shall submit to the Sports Wagering  
6           Unit:

7           (1) reports containing all information required for compliance with the  
8           Department's rules adopted pursuant to subsection (b) of this section; and

9           (2) a responsible gaming plan that shall include information related to  
10           posting of materials related to problem gaming, resources to be made available  
11           to bettors expressing concerns about problem gaming, house-imposed player  
12           limits, and self-exclusion programs.

13           (d) Each agent shall submit the responsible gaming plan required by  
14           subdivision (c)(2) of this section for Department review and approval prior to  
15           conducting any sports wagering within the State.

16           § 1304. SPORTS WAGERING UNIT; OVERSIGHT

17           (a) The Department shall create in the Division of Lottery a Sports  
18           Wagering Unit that shall be responsible for ensuring compliance with the  
19           requirements of this chapter and the rules adopted by the Department pursuant  
20           to the authority granted under this chapter.

1       (b) Additionally, the Sports Wagering Unit shall ensure that the  
2       Department's agents:

3               (1) maintain a cash reserve available to pay wagers as determined by the  
4       Department;

5               (2) shall not accept any wager on a sports event unless it has received  
6       approval from the Department to conduct that type or category of wager; and

7               (3) ensure that any transfer of that wager is initiated, received, and  
8       completed within the State of Vermont and that only incidental intermediate  
9       routing of the wager occurs outside the State.

10       § 1305. PROHIBITED ACTIVITIES

11       The Department and its agents are prohibited from the following activities:

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

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

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

17       § 1306. PROCEEDS TO GENERAL FUND

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

1     § 1307. MAINTAINING SPORTS INTEGRITY

2           The Department and its agents may participate in national and international  
3     monitoring services and associations and may share betting information with  
4     those entities and sports governing bodies in order to ensure the integrity of  
5     sports wagers and sports events. The Commissioner may restrict, limit, or  
6     exclude wagering on a sports event if he or she determines that the restriction,  
7     limitation, or exclusion is necessary to ensure the integrity of the sportsbook.

8     § 1308. ACCESS TO FINANCIAL REPORTS

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

12    § 1309. COMPLIANCE OVERSIGHT

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

16           (b) Any failure to comply with this statute, contractual terms, or any rules  
17    adopted by the Department may be brought before the Board of Liquor and  
18    Lottery. The Board shall have the authority to impose sanctions on an agent  
19    for a violation, including monetary penalties, suspension of agent operations  
20    within the State, and the termination of all agent operations within the State.

1 The Department may also bring an action in a Vermont court for damages  
2 related to any contract violation.

3 § 1310. CONFIDENTIALITY OF RECORDS

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

7 (1) personal information and background check documents;

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

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

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

13 (b) The Public Records Act exemptions created in this section shall not be  
14 subject to the provisions of 1 V.S.A. 317(e) (repeal of Public Records Act 20  
15 exemptions).

16 § 1311. CRIMES AND PENALTIES

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

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

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

7       Sec. 2. EFFECTIVE DATE

8       This act shall take effect on July 1, 2021.