

Sixty-seventh  
Legislative Assembly  
of North Dakota

ENGROSSED HOUSE BILL NO. 1234

Introduced by

Representatives Kasper, Becker, Boschee, Dockter, Louser, Mock, Schmidt

1 A BILL for an Act to create and enact a new subdivision to subsection 2 of section 12-60-24 and  
2 chapter 53-06.3 of the North Dakota Century Code, relating to criminal history background  
3 checks and the regulation of sports wagering; to provide for a legislative management study; to  
4 provide a penalty; to provide for application; and to provide a contingent effective date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1.** A new subdivision to subsection 2 of section 12-60-24 of the North Dakota  
7 Century Code is created and enacted as follows:

8 The sports wagering commission for each applicant or licensee under  
9 chapter 53-06.3.

10 **SECTION 2.** Chapter 53-06.3 of the North Dakota Century Code is created and enacted as  
11 follows:

12 **53-06.3-01. Definitions.**

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

- 14 1. "Commission" means the sports wagering commission established as a division of the  
15 attorney general's office.
- 16 2. "Gross wagering receipts" means an operator's total sports wagers less allowed free  
17 bets and allowed promotional credits.
- 18 3. "License" means a license applied for or issued by the commission under this chapter,  
19 including:
  - 20 a. A retail sports wagering license under section 53-06.3-07 to permit a retail sports  
21 wagering operator to operate sports wagering through sports wagering terminals,  
22 including kiosk terminals, placed in various licensed physical locations throughout  
23 the state which are linked to a licensed retail sports wagering operator's central  
24 computerized system for the operation of retail sports wagering.

Sixty-seventh  
Legislative Assembly

- 1           b. A mobile sports wagering license under section 53-06.3-07 to permit a mobile  
2           operator to operate sports wagering through an approved mobile application,  
3           web-based, or other digital platform that involves online wagering with the use of  
4           the internet. The term mobile means both a web-based online system and a  
5           mobile application.
- 6           c. A participating retail location license under section 53-06.3-08 for the retail outlets  
7           where sports wagering terminals are placed which are connected with a licensed  
8           retail sports wagering operator.
- 9           d. A supplier license under section 53-06.3-08 to sell, lease, or otherwise contract  
10           for equipment, systems, goods, and services to be used in connection with  
11           sports wagering, but not to directly accept wagers in place of the retail or mobile  
12           licensed operators.
- 13        4. "Net revenue" means the total gross wagering receipts less allowed free wagers,  
14        allowed promotional play, payments to players for winnings, and any applicable federal  
15        excise tax. Payments to players includes payments of cash, cash equivalents,  
16        merchandise, or other thing of value awarded as a prize or payment, less any  
17        applicable federal excise tax.
- 18        5. "Operator" means a retail sports wagering licensee or mobile sports wagering licensee  
19        under section 53-06.3-07.
- 20        6. "Professional sports or athletic event" means an event:
- 21           a. At which two or more participants participate in a sports or athletic event and one  
22           or more participants receive compensation and which is not a prohibited sports  
23           event; or
- 24           b. Any other event authorized by the commission by rule.
- 25        7. "Prohibited sports event" means an in-state college or high school sports or athletic  
26        event, or any other event in which a majority of the participants are under eighteen  
27        years of age unless the activity qualifies as a professional sport or athletic event or is  
28        organized by an international body such as the international olympic committee.
- 29        8. "Qualified gaming entity" means an eligible entity that offers sports wagering through  
30        retail sports wagering platforms, mobile applications, digital platforms, or web-based  
31        platforms that is approved by the commission.

- 1       9. "Retail sports wagering location" means a participating physical location licensed by  
2       the commission to have sports wagering devices and terminals on the premises which  
3       are provided by and linked to a licensed retail sports wagering operator's central  
4       system.
- 5       10. "Retail sports wagering operator" means an eligible entity that is a licensed gaming  
6       distributor within the state at the time of application for a retail sports wagering  
7       operator's license and which previously has been a licensed gaming distributor in the  
8       state for a minimum of three years before submitting the application.
- 9       11. "Sports wagering" means the business of accepting wagers on wagering events or  
10       portions of wagering events, the individual performance statistics of individuals in  
11       wagering events, or a combination of any of the same by any system or method of  
12       wagering approved by the commission via a licensee's central computerized wagering  
13       system, mobile or online application, or digital platform that uses communications  
14       technology to accept wagers.
- 15       a. The term includes single-game bets, teaser bets, parlays, over-under, moneyline,  
16       pools, exchange wagering, in-game wagering, in-play bets, proposition bets, and  
17       straight bets.
- 18       b. The term does not include:
- 19           (1) Fantasy contests in which participants assemble teams of athletes or  
20           individuals and the winning outcome reflects the relative knowledge and skill  
21           of the participants and is determined predominantly by the accumulated  
22           statistical results of the performance of athletes or individuals in an actual  
23           event.
- 24           (2) Horse racing if sports wagering on the race is pari-mutuel under  
25           chapter 53-06.2, roulette, poker, blackjack, a card game, dice games, or any  
26           other game or contest allowed by law and approved for conduct by licensed  
27           or permitted charitable gaming organizations under chapter 53-06.1.
- 28       12. "Sports wagering account" means a financial record established by a licensee for an  
29       individual patron in which the patron may deposit and withdraw funds for sports  
30       wagering and other authorized purchases, and to which the licensed operator may  
31       credit winnings or other amounts due to that patron or authorized by that patron. The

1 term includes an account that can be established electronically through an approved  
2 mobile application or digital platform.

3 13. "Supplier" means a person that provides, manages, administers, or controls software,  
4 hardware, or services for a sports wagering operating system that directly impacts the  
5 operation of a sports betting system or platform, including geolocation services, know  
6 your customer services, payment processors, and data providers.

7 14. "Wager" means a sum of money or thing of value risked on an uncertain occurrence.

8 15. "Wagering event" means a sports or athletic event that is not a prohibited sports event,  
9 including a professional sports or athletic event, or amateur sports or athletic event,  
10 including an olympic or international sports or athletic event, a motor vehicle race, an  
11 electronic sports event, commonly referred to as "e-sports", and any other event as  
12 permitted by the commission.

13 **53-06.3-02. Authorization of sports wagering - License required.**

14 1. Notwithstanding any provision of law to the contrary, the operation of sports wagering  
15 and ancillary activities are lawful when conducted in accordance with the provisions of  
16 this chapter and the rules adopted under this chapter.

17 2. A person may not engage in any activities in this state which require a license under  
18 this chapter unless the necessary license has been obtained in accordance with this  
19 chapter and rules adopted under this chapter.

20 **53-06.3-03. Powers and duties of commission.**

21 1. In administering and enforcing this chapter, the commission:

22 a. Shall adopt rules and regulate the conduct of sports wagering.

23 b. Shall determine the eligibility of a person to hold or continue to hold a license,  
24 issue all licenses, and maintain a record of all licenses issued under this chapter.

25 c. Shall collect all fees, civil penalties, and tax on the net revenue imposed by this  
26 chapter, except as otherwise provided under this chapter.

27 d. May sue to enforce any provision of this chapter or any rule adopted under this  
28 chapter by civil action or petition for injunctive relief.

29 e. May hold hearings and make provision to administer oaths and issue subpoenas  
30 or subpoenas duces tecum in the manner provided by applicable law.

- 1           f. May exercise any other powers necessary to effectuate the provisions of this  
2           chapter and the rules adopted under this chapter.
- 3       2. The commission shall examine the rules and regulations implemented in states where  
4       sports wagering is conducted and shall adopt, as far as practicable, a similar  
5       framework to ensure the sports wagering industry is best positioned to succeed. The  
6       rules, at a minimum, must include:
- 7       a. Qualifications for obtaining a license;  
8       b. Qualifications for obtaining a temporary license;  
9       c. The acceptance of wagers on a wagering event or a series of wagering events;  
10       method of accounting to be used by operators; types of records that must be  
11       kept; type of system for wagering; protections for patrons placing wagers; and  
12       promotion of social responsibility, responsible gaming, and inclusion of the  
13       statement, "If you or someone you know has a gambling problem and wants help,  
14       call 1-800-GAMBLER," or similar message at any participating retail location or  
15       on any mobile application or digital platform used to place wagers;
- 16       d. Standards for the adoption of comprehensive house rules governing sports  
17       wagering and adoption of the internal controls by operators and the approval of  
18       house rules and minimum controls by the commission as required under section  
19       53-06.3-09;
- 20       e. Minimum design and security requirements for participating retail locations and  
21       systems, mobile applications, and digital platforms for the acceptance of wagers  
22       by mobile operators, including required methods for verifying the age and identity  
23       of an individual who places a wager and for verifying the individual making the  
24       wager physically is located in the state and is not prohibited from making a wager  
25       under section 53-06.3-12;
- 26       f. The types of interested parties prohibited from accepting wagers under section  
27       53-06.3-12;
- 28       g. Minimum design, security, testing, and approval requirements for sports wagering  
29       equipment, systems, or services sold by suppliers licensed under section  
30       53-06.3-08;

- 1           h. Establishment of a list of individuals who are not authorized to place a wager on  
2           a wagering event, including those individuals who voluntarily request their names  
3           be included on the list of unauthorized individuals. The rules adopted under this  
4           paragraph must define the standards for involuntary placement on the list and for  
5           removal from the list; and
- 6           i. Minimum internal control standards for operators, including procedures for  
7           safeguarding assets and revenues; the recording of cash and evidence of  
8           indebtedness; the maintenance of reliable records, accounts, and reports of  
9           transactions, operations, and events; required audits; and the content of and  
10          frequency with which reports of sports wagering activities and revenues must be  
11          made to the commission.
- 12          3. The commission shall adopt rules to implement this chapter within one hundred and  
13          twenty days after the effective date of this Act and as necessary thereafter.
- 14          **53-06.3-04. Sports wagering commission.**
- 15          1. There is created the sports wagering commission, which is composed of five  
16          members, three of whom are appointed by the ~~attorney general~~majority leader of the  
17          house of representatives and the majority leader of the senate and two of whom are  
18          appointed by the governor. Of the members appointed by the governor, one must have  
19          a background in accounting and one must have a background in law. The term of  
20          office is three years, expiring on June thirtieth with no more than two terms expiring in  
21          any one year. Each member must be a citizen of the United States and a resident of  
22          this state. A chairman of the commission must be chosen annually by a majority of the  
23          membership of the commission at the first meeting of the commission each fiscal year.  
24          A member may serve as chairman for more than one year.
- 25          2. The commission shall meet at least once a quarter and any additional meetings as the  
26          chairman deems necessary. Special meetings may be called by the chairman upon  
27          the written request of the director or any three members of the commission.
- 28          3. The commission shall implement the rules, policy, and regulation of sports wagering.
- 29          4. A member of the commission who is not a permanent full-time state employee is to be  
30          compensated at a rate of seventy-five dollars per day and entitled to mileage and  
31          expenses as provided by law for state employees. A state employee who is a member

1 of the commission must receive that employee's regular salary and is entitled to  
2 mileage and expenses, to be paid by the employing agency.

3 **53-06.3-05. Application for license - Criminal history background check.**

4 1. An application for a license or for renewal of a license required under this chapter  
5 must be submitted on a form provided by the commission. An applicant must be  
6 licensed currently in North Dakota or in another United States jurisdiction for sports  
7 wagering. An application submitted to the commission must include the following:

8 a. The full name, address, and contact information of the applicant;

9 b. Disclosure of each person that has control of the applicant or the applicant's  
10 wagering activities as described in subsection 2;

11 c. Consent to permit the commission to conduct a criminal history record check, in  
12 accordance with subsection 3, of the applicant and each person disclosed under  
13 subdivision b;

14 d. For the applicant and each person disclosed under subdivision b, a record of all  
15 previous issuances and denials of a gambling-related license or application under  
16 this title or in any other jurisdiction;

17 e. Proof the applicant's wagering system has been tested for use in North Dakota  
18 by an independent testing laboratory approved by the commission; and

19 f. Any additional information, including operational standards, required by the  
20 commission by rule.

21 2. The following persons are considered to have control of an applicant or a licensee or  
22 the applicant's or licensee's associated sports wagering activities:

23 a. Each corporate holding company, parent company, or subsidiary company of a  
24 corporate applicant or licensee and each person that owns ten percent or more of  
25 the corporate applicant or licensee or that has the ability to control the activities  
26 of the corporate applicant or licensee or elect a majority of the board of directors  
27 of that corporate applicant or licensee, except for a bank or other licensed  
28 lending institution that holds a mortgage or other lien acquired in the ordinary  
29 course of business;

30 b. Each person associated with a noncorporate applicant or licensee which directly  
31 or indirectly holds a beneficial or proprietary interest in the noncorporate

1           applicant's or licensee's wagering business operation or which the commission  
2           otherwise determines has the ability to control the noncorporate applicant or  
3           licensee; and

4           c. Any executive, employee, or agent of an applicant or licensee that has ultimate  
5           decisionmaking authority over the conduct of the applicant or licensee's sports  
6           wagering operations in this state.

7           3. The commission shall require an applicant and each person disclosed under  
8           subdivision b of subsection 1 to submit to a statewide and nationwide criminal history  
9           record check. The nationwide criminal history record check must be conducted in the  
10           manner provided by section 12-60-24.

11           4. A person licensed under this chapter shall give the commission written notice within  
12           thirty days of any material change to any information provided in the application for a  
13           license or renewal, including any change in the identity of persons considered to have  
14           control of the applicant or licensee as described in subsection 2.

15           **53-06.3-06. Denial of license - Reprimand - Suspension - Revocation.**

16           The commission may deny a license to any applicant, reprimand any licensee, or suspend  
17           or revoke a license:

18           1. If the applicant or licensee knowingly has made a false statement of material fact to  
19           the commission.

20           2. If the applicant or licensee intentionally has not disclosed the existence or identity of  
21           other persons that have control of the applicant or licensee as required by  
22           section 53-06.3-05.

23           3. If the applicant or licensee has had a license revoked by any government authority  
24           responsible for regulation of gaming activities.

25           4. If the applicant has been convicted of a crime of moral turpitude, a gambling-related  
26           offense, a theft or fraud offense, or has otherwise demonstrated, either by a police  
27           record or other satisfactory evidence, a lack of respect for law and order.

28           5. If the applicant or licensee has not demonstrated to the satisfaction of the commission  
29           financial responsibility sufficient to adequately meet the requirements of the licensed  
30           business or proposed business, including payment of winnings.



1       6. If an applicant has not met the requirements of this chapter or other criteria the  
2           commission may establish.

3       **53-06.3-07. Retail sports wagering license - Mobile sports wagering license - Fees -**  
4       **Temporary license.**

5       1. The commission shall issue a maximum of ~~two~~three retail sports wagering licenses  
6           and a maximum of three mobile sports wagering licenses to applicants that meet all  
7           requirements of this chapter and rules adopted under this chapter and have not  
8           violated any portion of section 53-06.3-06 or rules adopted under this chapter.  
9           together with other criteria the commission may deem most beneficial to the state in  
10          determining the award of licenses.

11       2. A qualified gaming entity may apply for a retail or mobile sports wagering license.

12       3. A retail sports wagering license or mobile sports wagering license issued by the  
13           commission pursuant to this section grants a licensee lawful authority to conduct  
14           sports wagering through a retail computerized wagering system or any mobile  
15           application, web-based, or digital platform approved by the commission within the  
16           terms and conditions of the license and any rules adopted under this chapter.

17       4. A licensed retail sports wagering operator:

18           a. May hold a retail sports wagering license that authorizes the licensed distributor  
19               to:

20               (1) Operate retail sports wagering through a central computer system using  
21                   electronic, digital, and other systems that link wagering terminals, including  
22                   kiosk terminals, located in physical locations across the state to the  
23                   licensee's central wagering system;

24               (2) Distribute and service the sports wagering devices and terminals;

25               (3) Contract with licensed participating retail sports wagering locations to  
26                   provide wagering terminals to the public for wagering purposes; and

27               (4) Contract with charitable, fraternal, veterans, and nonprofit organizations in  
28                   the state for a participating economic sponsorship with the retail sports  
29                   wagering licensee, by mutual agreement.

- 1           **b.** May contract with a supplier to provide the equipment, wagering system  
2           operations, proposed rules, line and risk management, and other such services  
3           as may be required to comply with the rules under this chapter.
- 4           **c.** Owns the data generated through the retail sports wagering operations relative to  
5           player and customer lists.
- 6           **d.** May combine a mobile sports wagering application or web-based system in  
7           conjunction with the licensee's operation of retail sports wagering. Such mobile  
8           sports wagering, in conjunction with retail sports wagering may not reduce the  
9           maximum number of mobile wagering licenses that may be awarded.
- 10          **e.** May contract with a third-party supplier for the mobile wagering system and  
11          services under this chapter. The supplier of retail and mobile wagering systems  
12          and services is subject to this chapter and rules adopted under this chapter.
- 13          **5.** The fee for an initial retail sports wagering license is twenty thousand dollars and a  
14          renewal license fee is ten thousand dollars. A retail sports wagering operator may  
15          apply for a mobile sports wagering license to be used in conjunction with the  
16          operator's retail sports wagering license for an additional fee of thirty thousand dollars  
17          and a renewal fee of ten thousand dollars. The initial and renewal fee for a separate  
18          mobile sports wagering license is fifty thousand dollars. In addition to the license fee,  
19          the commission may charge a processing fee for an initial or renewed license in an  
20          amount equal to the projected cost of processing the application and performing any  
21          background investigations. If the actual cost exceeds the projected cost, an additional  
22          fee may be charged to meet the actual cost. If the projected cost exceeds the actual  
23          cost, the difference may be refunded to the applicant or licensee.
- 24          **6.** Except as provided in subsection 7, a license issued or renewed under this section is  
25          valid for three years unless revoked sooner by the commission under  
26          section 53-06.3-05.
- 27          **7.** An applicant for a license under this chapter may submit with the application a request  
28          for a temporary license to the commission for the immediate commencement of sports  
29          wagering operations or other licensed activities provided for under this chapter. The  
30          request must include the associated initial license fee payable to the commission.  
31          Upon receiving a request for a temporary license, the commission shall review the

- 1           request. If the commission determines the entity requesting the temporary license is  
2           qualified, has demonstrated the entity's ability to operate under the applicable rules,  
3           has paid the associated initial license fee, and has submitted the appropriate license  
4           application, the commission may authorize the qualified applicant to conduct the  
5           licensed activities for one year under a temporary license or until a final determination  
6           on the license application is made. An extension may be granted by the commission if  
7           approval requires more than one year. Sports wagering activities or services  
8           conducted under authority of a temporary license must comply with the operator's  
9           house rules adopted pursuant to section 53-06.3-09.
- 10          8.   The commission shall deposit all fees collected under this section in the sports  
11           wagering operating fund.
- 12          **53-06.3-08. Retail participating sports wagering location license - Supplier license.**
- 13          1.   The commission shall issue a retail participating sports wagering location license or a  
14           supplier license upon finding the applicant meets all requirements of this chapter and  
15           rules adopted under this chapter.
- 16          2.   An applicant for a retail participating sports wagering location license shall  
17           demonstrate the premises meets the criteria and rules adopted under this chapter. An  
18           applicant for a supplier license shall demonstrate the equipment, systems, or services  
19           the applicant plans to offer to an operator conform to standards established by rule  
20           under this chapter.
- 21          3.   A retail sports wagering location license issued pursuant to this section grants a  
22           participating licensee lawful authority to have sports wagering terminals on the  
23           licensee's premises that are provided by and linked to the licensed retail sports  
24           wagering operator's central system on terms and conditions set forth by agreement  
25           between the two licenseholders and rules adopted under this chapter. A supplier  
26           license issued pursuant to this section grants a licensee lawful authority to sell or to  
27           lease sports wagering equipment, systems, or services to operators in the state within  
28           the terms and conditions of the license and any rules adopted under this chapter.
- 29          4.   A limit may not be imposed on the number of participating locations in the state which  
30           may contract with a retail sports wagering licensee. A retail participating sports  
31           wagering location licensee is subject to this chapter and the rules adopted under this

- 1 chapter and may not be restricted by or subject to chapter 53-06.1 or rules adopted  
2 under that chapter.
- 3 5. The fee for an initial retail participating sports wagering location license is two  
4 thousand dollars with a renewal fee of one thousand dollars. The fee for an initial  
5 supplier license is seven thousand dollars with a renewal fee of two thousand five  
6 hundred dollars. In addition to the license fee, the commission may charge a  
7 processing fee for an initial or renewed license in an amount equal to the projected  
8 cost of processing the application and performing any background investigations. If the  
9 actual cost exceeds the projected cost, an additional fee may be charged to meet the  
10 actual cost. If the projected cost exceeds the actual cost, the difference may be  
11 refunded to the applicant or licensee.
- 12 6. Except as provided in subsection 6, a license issued or renewed under this section is  
13 valid for three years unless sooner revoked by the commission under  
14 section 53-06.3-06.
- 15 7. An applicant for a retail participating sports wagering location license or supplier  
16 license may submit with the application a request for a temporary license. A request  
17 for a temporary license must include the respective initial license fee. If the  
18 commission determines the applicant is qualified under subsection 2, meets the  
19 requirements established by rule for a temporary license, and has paid the initial  
20 license fee and the commission is not aware of any reason the applicant is ineligible  
21 for a license under this section, the commission may issue a temporary license. A  
22 temporary license issued under this subsection is valid for three years or until a final  
23 determination on the license application is made, whichever is sooner. If after  
24 investigation the commission determines the applicant is eligible for a license under  
25 this chapter, the commission shall issue the initial license, at which time the temporary  
26 license terminates.
- 27 8. The commission shall deposit all fees collected under this section in the sports  
28 wagering operating fund.
- 29 **53-06.3-09. Sports wagering house rules - Internal controls.**
- 30 1. An operator shall adopt comprehensive house rules for game play governing sports  
31 wagering transactions with the operator's patrons. The rules must specify the amounts

- 1 to be paid on winning wagers, the circumstances under which the operator will void a  
2 bet, treatment of errors, late bets and related contingencies, and the effect of schedule  
3 changes. House rules must be approved by the commission before implementation.  
4 2. The house rules, together with any other information the commission determines to be  
5 appropriate, must be available in the sports location and mobile wagering system.  
6 3. An operator shall establish internal controls for the operation of retail and mobile  
7 sports wagering. The internal controls must be approved by the commission before  
8 implementation.

9 **53-06.3-10. Operator duties.**

10 An operator shall:

- 11 1. Employ a monitoring system using software to identify irregularities in volume or odds  
12 swings that could signal suspicious activity that requires further investigation. Such  
13 activity must be reported immediately to and investigated by the commission. System  
14 requirements and specifications must be in accordance with industry standards.  
15 2. Promptly report to the commission any facts or circumstances related to the operation  
16 of a licensee which constitute a violation of state or federal law and immediately report  
17 any suspicious betting over a threshold set by the operator which has been approved  
18 by the commission to the appropriate state or federal authorities.  
19 3. Conduct all sports wagering activities and functions in a manner that does not pose a  
20 threat to the public health, safety, or welfare of the citizens of this state.  
21 4. Keep current in all payments and obligations to the commission.  
22 5. Prevent any person from tampering with or interfering with the operation of any sports  
23 wagering.  
24 6. Ensure sports wagering occurs using only a retail sports betting system, mobile  
25 application, or digital platform approved by the commission which uses  
26 communications technology to accept wagers originating in this state or in a state or  
27 jurisdiction approved by the commission and consistent with federal law.  
28 7. Maintain sufficient cash and other supplies to conduct sports wagering at all times.  
29 8. Maintain daily records showing the gross sports wagering receipts and net revenue  
30 from the gross sports wagering receipts of the licensee and timely file with the  
31 commission any additional reports required by rule or this chapter.

1       **53-06.3-11. System assessment.**

2       Within ninety days of commencing operations and annually thereafter, an operator shall  
3 perform a system integrity and security assessment of the sports wagering system and online  
4 sports wagering system conducted by an independent professional authorized by the  
5 commission and subject to licensure and approval of the commission. The independent  
6 professional's assessment report must be submitted to the commission and must include:

- 7       1. Scope of review;
- 8       2. Name and company affiliation of the individual who conducted the assessment;
- 9       3. Date of assessment;
- 10      4. Findings;
- 11      5. Recommended corrective action, if applicable; and
- 12      6. The operator's response to the findings and recommended corrective action.

13       **53-06.3-12. Sports wagering agreements.**

- 14      1. On behalf of this state, the commission may:
  - 15          a. Enter a sports wagering agreement with another state, territory, nation,  
16             jurisdiction, government, or other entity to accept wagers from individuals located  
17             outside this state, if entering the sports wagering agreement does not violate  
18             state or federal law.
  - 19          b. Take all necessary actions to ensure a sports wagering agreement entered  
20             pursuant to this section becomes effective.
- 21      2. The commission shall adopt rules to implement this section.

22       **53-06.3-13. Acceptance of wagers - Excluded persons.**

- 23      1. An operator may accept wagers on wagering events by means of computer systems,  
24             internet supported, and electronic devices using a computerized wagering system,  
25             mobile application, or digital platform approved by the commission. An individual  
26             placing a wager must be twenty-one years of age or older and physically be located in  
27             the state.
- 28      2. An operator shall allow patrons to fund a sports wagering account using:
  - 29          a. A debit card;
  - 30          b. A bonus or promotion;
  - 31          c. An electronic bank transfer;

- 1           d. An online or mobile payment system that supports online money transfers; and  
2           e. Any other means approved by the commission.
- 3           3. An operator may accept wagers from a patron physically located in this state through  
4           the patron's sports wagering account, using a computerized, mobile application,  
5           web-based, or digital platform approved by the commission. The branding for each  
6           mobile application or digital platform must be determined by the operator.
- 7           4. An operator may accept layoff wagers placed by other operators, and may place layoff  
8           wagers with other operators, as long as an operator that places a wager with another  
9           operator informs the operator accepting the wager that the wager is being placed by  
10           an operator and discloses the wagering operator's identity.
- 11           5. The commission or an operator may ban a person from participating in the play or  
12           operation of sports wagering. A log of all excluded persons must be kept by the  
13           commission and shared with each operator, and a person on the commission's  
14           exclusion list or an operator's exclusion list may not engage in sports wagering under  
15           this chapter.
- 16           6. An employee of an operator may not place a wager on any wagering event through a  
17           central retail wagering system, mobile application, or digital platform of that  
18           employee's employer.

19           **53-06.3-14. Sports wagering tax - Revenues - Limitation of other taxes.**

- 20           1. For the privilege of holding a license to operate sports wagering under this chapter, a  
21           sports wagering tax is imposed on the net revenue of the operator. The accrual  
22           method of accounting must be used for purposes of calculating the amount of the tax  
23           owed by the licensee.
- 24           a. The tax is six and seventy-five hundredths percent of the retail sports wagering  
25           licensee's net revenue.
- 26           b. The tax is ten percent of the mobile sports wagering licensee's net revenue.
- 27           2. The following provisions govern operator returns and payment of tax pursuant to  
28           subsection 1:
- 29           a. The tax levied and collected pursuant to subsection 1 is due and payable to the  
30           commission in quarterly installments on or before the fifteenth calendar day  
31           following the calendar end of the quarter in which the net revenue was received.

- 1           **b.** On or before the fifteenth calendar day following the end of the quarter, an  
2           operator shall complete and submit the return for the preceding quarter by  
3           electronic communication to the commission in the form prescribed by the  
4           commission that provides:
- 5           (1) The total gross wagering receipts and net revenue from that quarter;  
6           (2) The tax amount for which the operator is liable; and  
7           (3) Any additional information necessary in the computation and collection of  
8           the tax on the net revenue required by the commission.
- 9           **c.** The tax due must be remitted to the commission by electronic funds transfer at  
10          the time the quarterly returns are filed.
- 11          **d.** If the net revenue from the total gross wagering receipts for a quarter is a  
12          negative number because the winnings paid to a licensee's sports wagering  
13          patrons exceed the licensee's gross sports wagering receipts, the commission  
14          shall allow the licensee to carry over the negative amount to returns filed for  
15          subsequent months. The negative amount of net revenue from total gross sports  
16          wagering receipts may not be carried back to an earlier month and money  
17          previously received by the commission may not be refunded, except due to a  
18          proven error, or if the licensee surrenders the licensee's license and the  
19          licensee's last return reported negative net revenue from gross sports wagering  
20          receipts.

- 21          **3.** The tax imposed by this section is in lieu of all other state and local taxes and fees  
22          imposed on the operation of or the proceeds from the operation of sports wagering.

23          **53-06.3-15. Sports wagering operating fund - Deposits and allocations.**

24          There is created in the state treasury the sports wagering operating fund. All moneys  
25          received from fees, taxes, interest, fines, and any other moneys collected under this chapter  
26          must be deposited in this fund. Pursuant to legislative appropriation, moneys in the fund must  
27          be distributed to the commission for the costs of administering and regulating sports wagering in  
28          the state, including costs relating to employees, equipment, and supplies.

29          **53-06.3-16. Civil violation.**

30          Except as provided in section 53-06.3-17, a person that violates the provisions of this  
31          chapter commits a civil violation for which the commission may impose a fine of not more than



1 ten thousand dollars for each violation. The commission shall deposit fines collected under this  
2 section in the sports wagering operating fund.

3 **53-06.3-17. Unauthorized sports wagering - Penalties.**

4 A person may not conduct sports wagering unless the person is licensed under this chapter.

5 A person violating this section is guilty of a class B misdemeanor. A second violation is a class A  
6 misdemeanor. A third or subsequent violation is a class C felony.

7 **SECTION 3. APPLICATION.** For the first twenty-four months after the adoption of rules  
8 under section 53-06.3-03:

- 9 1. Sports wagering on a mobile device or computer may not be conducted.
- 10 2. Sports wagering may be conducted only via authorized terminals and kiosks.

11 **SECTION 4. CONTINGENT EFFECTIVE DATE.** This Act becomes effective on August 1,  
12 2023, if the secretary of state certifies to the legislative council that House Concurrent  
13 Resolution No. 3032, as adopted by the sixty-seventh legislative assembly, has been approved  
14 by the voters.

15 **SECTION 5. LEGISLATIVE MANAGEMENT STUDY - SPORTS WAGERING.** During the  
16 2021-23 interim, the legislative management shall consider studying sports wagering. The  
17 legislative management shall report its findings and recommendations, together with any  
18 legislation necessary to implement the recommendations, to the sixty-eighth legislative  
19 assembly.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1234

Page 1, line 4, after the semicolon insert "to provide for application;"

Page 2, line 25, replace "a" with "an in-state"

Page 3, line 24, after "pari-mutuel" insert "under chapter 53-06.2"

Page 3, line 27, after "organizations" insert "under chapter 53-06.1"

Page 6, line 16, replace "attorney general" with "majority leader of the house of representatives and the majority leader of the senate"

Page 9, line 5, replace "two" with "three"

Page 17, after line 6, insert:

**"SECTION 3. APPLICATION.** For the first twenty-four months after the adoption of rules under section 53-06.3-03:

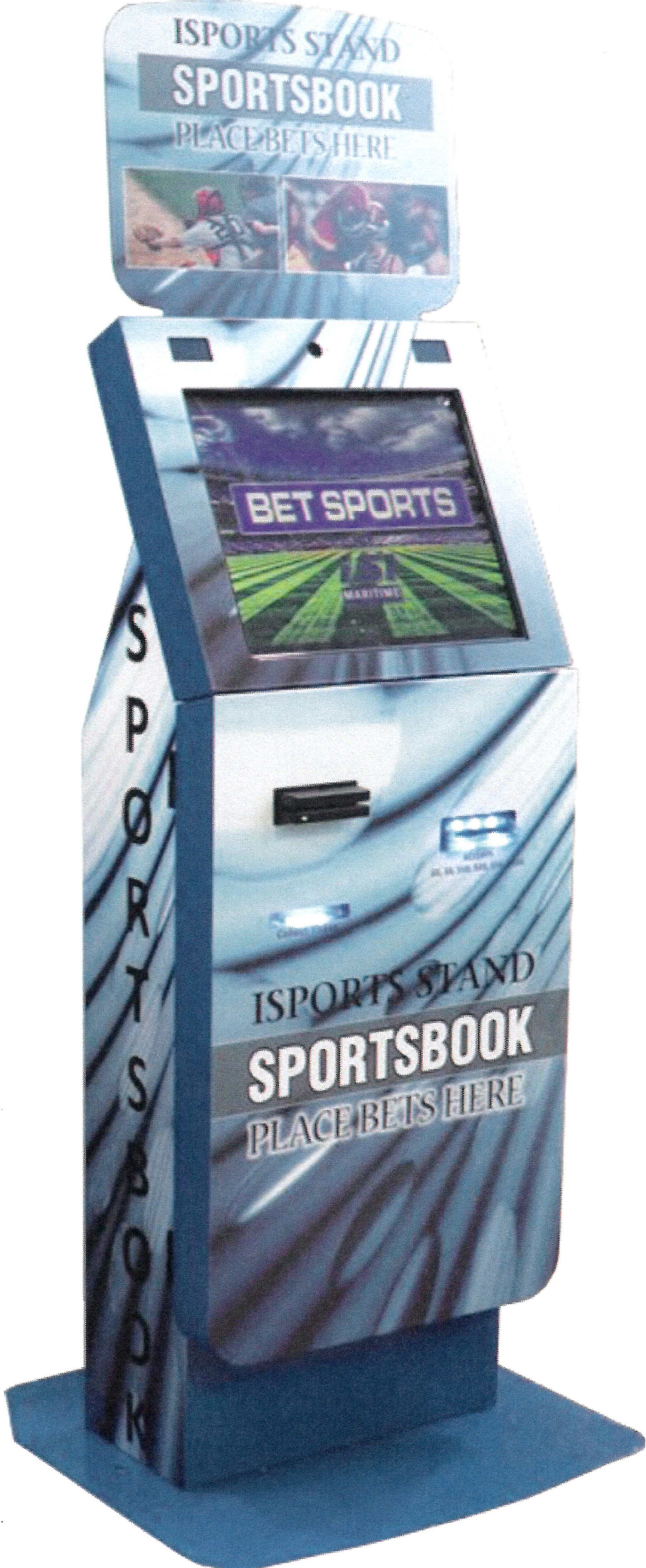
1. Sports wagering on a mobile device or computer may not be conducted.
2. Sports wagering may be conducted only via authorized terminals and kiosks."

Renumber accordingly

# Kiosk Self-Betting Terminals For Local Bars and Hospitality Locations



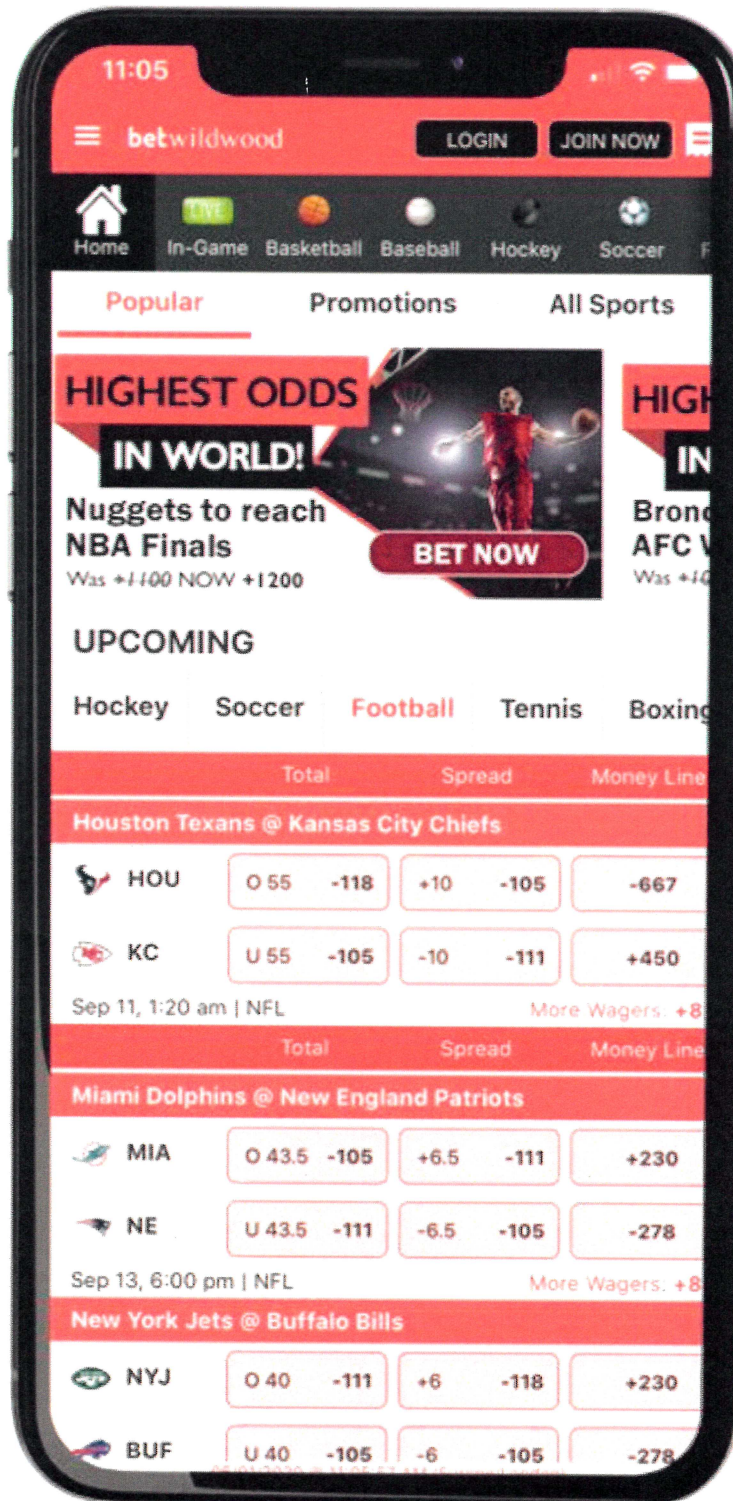
**Sample Kiosk Self-Betting Terminal**



## Sample Kiosk Terminals at a Retail Location



## Sample Self-Betting Screen



**These ten states use retail sports wagering at physical locations using kiosk style terminals:**

- 1) Nevada
- 2) New Jersey
- 3) Michigan
- 4) Colorado
- 5) Indiana
- 6) Pennsylvania
- 7) Rhode Island
- 8) Mississippi
- 9) New Mexico
- 10) Oregon

**These eight states have legislation in progress for retail sports wagering with the same onsite terminals:**

- 1) New York
- 2) Virginia
- 3) Washington
- 4) Arkansas
- 5) Delaware
- 6) Illinois
- 7) Iowa
- 8) New Hampshire

## U.S. Sports Betting Revenue - All States

Jurisdiction	Handle	Revenue	Hold	Taxes/Jurisdiction Revenue
Arkansas	\$44,157,822	\$5,642,181	12.8%	\$757,010
Colorado	\$1,185,754,618	\$75,841,206	6.4%	\$2,964,672
Delaware	\$338,083,000	\$52,298,447	15.5%	\$35,190,438
Illinois	\$1,390,643,067	\$101,621,640	7.3%	\$16,367,514
Indiana	\$2,205,269,251	\$180,036,041	8.2%	\$17,103,425
Iowa	\$936,990,202	\$72,256,247	7.7%	\$4,928,377
Michigan	\$130,763,498	\$18,276,858	14.0%	\$1,535,256
Mississippi	\$890,088,894	\$103,368,568	11.6%	\$12,404,228
Montana	\$ -	\$ -	--	\$ -
Nevada	\$12,680,957,827	\$786,308,000	6.20%	\$53,075,790
New Hampshire	\$292,954,814	\$23,682,372	8.1%	\$11,020,218
New Jersey	\$11,847,174,269	\$791,869,724	6.7%	\$102,083,299



New Mexico	\$ -	\$ -	--	\$ -
New York	\$ -	\$18,552,162	--	\$1,855,216
Oregon	\$263,518,470	\$22,996,708	8.7%	\$ -
Pennsylvania	\$5,008,619,265	\$384,151,235	7.7%	\$97,260,637
Rhode Island	\$481,498,284	\$42,905,081	8.9%	\$21,881,591
Tennessee	\$312,344,523	\$27,144,908	8.7%	\$5,443,918
Washington DC	\$80,527,760	\$13,548,201	16.8%	\$1,008,014
West Virginia	\$738,008,746	\$58,188,453	7.9%	\$5,818,845
<b>Total</b>	<b>\$38,827,354,310</b>	<b>\$2,778,688,032</b>	<b>7.2%</b>	<b>\$390,698,448</b>

## Excise Tax Rates on Sports Betting

(a) New Jersey taxes revenue an additional investment alternative tax of 1.25%, which is not reflected in these figures.

(b) Sports betting was never illegal in Oregon. No new bill has passed to legalize it.

(c) Pennsylvania levies an additional 2% Local Share Assessment, which is not reflected in these figures.

Revenue refers to adjusted revenue, which is net revenue adjusted for winnings.

Source: State statutes, Tax Foundation calculations.

State	Tax Rate
Arkansas	13% of first \$150 million in receipts, then 20%
Colorado	10% of revenue
Delaware	50% of revenue
District of Columbia	10% of revenue
Illinois	15% of revenue
Indiana	9.5% of revenue
Iowa	6.75% of revenue
Michigan	8.4% of revenue
Mississippi	12% of revenue

Montana	Lottery collects revenue minus expenses
Nevada	6.75% of revenue
New Hampshire	51% online; 50% retail
New Jersey (a)	8.5% of land-based revenue; 13% of online revenue
New Mexico	Tribal Lands
New York	8.5% on land-based revenue; 12% on online revenue
North Carolina	Tribal Lands
Oregon (b)	2.3%
Pennsylvania (c)	34% of revenue
Rhode Island	51% of revenue
Tennessee	20% of revenue
West Virginia	10% of revenue

## Proposed Excise Tax Rates on Sports Betting

(a) Several bills have been introduced in Massachusetts.

(b) Senate bill proposes 6.25%, House bill proposes 10%.

(c) Senate bill proposes 15%, House bill proposes 20%.

Source: State statutes, Tax Foundation calculations.

State	Tax Rate
Florida	15% of revenue
Kansas	10% of online revenue; 7.5% of land-based revenue
Kentucky	14.25% of online revenue; 9.75% of land-based revenue
Massachusetts (a)	TBD
Missouri	9%
Ohio (b)	6.25% or 10%
Virginia (c)	15% or 20%

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### **Summary of Qualifications**

1979-2021

Legal and business experience in the United States, South American, Pacific and European sectors; Gaming counsel and work in advisory role for emerging gaming markets; Advice to and participation in international gaming companies; Substantial transactional work for start-up companies and established businesses evolving into new markets; Coordination of major litigation involving matters of local, federal and international legal concerns; Negotiation and organization of joint ventures and other associations; Promotional work, including public speaking, on behalf of sports betting on behalf of ISI, Ltd., specific clients and general business and legal interests; Substantial work with sports betting companies, governmental and political interests domestically and internationally; Presidents Award from International Masters of Gaming Law

### **Education**

**Vanderbilt University** 1970-1974  
Nashville, Tennessee  
*Bachelor of Arts, 1974; President of Senior Class; Honor Council; Member, Omicron Delta Kappa National Leadership Fraternity; Raven Society.*

**Vanderbilt University School of Law** 1975-1978  
Nashville, Tennessee  
*J.D. 1978; Honor Council; Recipient, Outstanding Oralist Award in Moot Court Competition*

### **Professional Experience**

**Thoreson, Yost, Berry & Matthews** 1980-1987  
Seattle, Washington  
*Partner, AV rated practice specializing in transactional business work and estate planning; Substantial work undertaken for start-up and established businesses; Lobbying undertaken on behalf of major client.*

- Weinstein, Hacker & Matthews, P.S.** 1987-1991  
Seattle, Washington and Spokane, Washington  
*Member and President, AV rated practice specializing in international business, corporate transactional work and reorganization; Coordination of major litigation involving matters of anti-trust law and international issues.*
- Hacker Matthews, P.S.** 1991-1994  
Seattle, Washington and Lisbon, Portugal  
*Member and President, an AV rated practice specializing in international business, corporate transactional work and reorganization; Coordination of major litigation involving matters of international letters of credits, high technology and business; work with governmental and business interest in Pacific Rim and Europe.*
- McKay, Chadwell & Matthews, PLLC** 1995-1997  
Seattle, Washington  
*Member; AV rated legal practice and international business consulting; Negotiation and organization of joint ventures and strategic alliances involving government and the private sector; Business formation and international seminars*
- Matthews International** 1997-2003  
Seattle, Washington – Palm Springs, California  
*Member and Manager; Domestic and international business consulting; Negotiation and organization of joint ventures and strategic Alliances; Work on major governmental legal action; Business formation; Advice to new gaming company*
- Internet Sports International, Ltd.** 1999-Present  
Palm Springs, California, Las Vegas, Nevada, Nashville, Tennessee  
*Co-Founder, VP-International Relations; General Counsel; Business formation and operation; International negotiations; Business strategy*
- ISI-Maritime/Islands, Ltd.** 2005-Present  
Palm Springs, California – Las Vegas, Nevada; Ft. Lauderdale, Florida, Peru, Nashville, Tennessee  
*Co-Founder, President; Business formation and operation; International negotiations with emphasis in the Caribbean, cruise lines, Latin America; Business strategy*
- Swiss Gaming Corporation** 2007-2014  
Ascona, Switzerland  
*Of Counsel; Provided gaming regulatory advice on its work in international jurisdictions*

**Arius International, Ltd.**  
Douglas, Isle of Man

2012-2015

*Consultant; Providing business development advice in international jurisdictions*

**Varela & Fonseca Abogados**  
Lima, Peru

2010-Present

*Consultant; Providing advisory support on gaming to law firm when dealing with English speaking companies entering the Peruvian market*

### **Publications**

#### **Business International, LTD.**

*Served as editorial contributor on the 1993 Edition of Foreign Investment in Portugal on behalf of this publication of The Economist.*

### **Additional Professional Activities**

#### **Symposium on the Privatization of Central and Eastern Europe**

*Sponsored a broadcast via satellite of a live symposium from the Hoover Institute at Sanford University on the privatization of the central and eastern European economies, chaired by former Secretary of State George Schultz and Nobel Prize winning economist Milton Friedman and George Stigler; included conferences with central and eastern European governmental and business leaders; Negotiated license with PBS to feed the program into Seattle, Washington live, interactive participation with business leaders assembled at television studio.*

#### **Bolsa da Valores do Porto**

*A key-note speaker at a financial symposium which was part of the Porto Stock Exchange's 100th Anniversary in Porto, Portugal; Attendees included the national press and many of the countries CEO's of the various publicly traded companies.*

#### **U.S Embassy in Portugal**

*Invited to speak as private business consultant at numerous programs in Portugal before U.S. and Portuguese business interest at sessions organized by the United States Embassy in Portugal; Assisted in the organization of a business center operated by the Commercial Section of the Embassy.*

#### **Formation of Russian Medical Supply Company**

*Worked with U.S. company in the formation of Russian Medical supply company and numerous issues related thereto, including the promotion of new technology and investment promotion.*

**Board of Trustees for the Pacific Northwest Ballet**

*Served as trustee member of the Pacific Northwest Ballet; Promotional and fundraising work undertaken on behalf of the ballet; Participated in major capital drives and special events on behalf of the arts in the Pacific Northwest.*

**Rotary Club**

*Participated in numerous projects sponsored by the Rotary Club; Assisted in the formation of high technology center in certain low income areas for the purpose of introducing computer resources after normal school hours to students who would otherwise be able to improve their knowledge of the use of such technology*

**Joey Cora Children's Foundation**

*Board member; Served as legal advisor , professional baseball player, Joey Cora to this nonprofit corporation which provides financial assistance to benefit children's causes*

**Political Campaigns**

*Participated in numerous political campaigns for local, state, and national offices, often serving as state chairman for the candidates involved at the state and national level; Also, served to promote certain bond issues involving the financing of projects involved with quality of life issues in the community*

**Citizen's Goals 2000 Committee**

*Chaired citizen group responsible for the planning of the future of Nashville, Tennessee; Established numerous committees responsible for myriad of issues for the preparation of working papers to be utilized by the responsible elected officials in appropriating funding to incorporate the directives generated*

**References**

*(Available Upon Request)*