#### FIRST REGULAR SESSION

# **HOUSE BILL NO. 859**

## 100TH GENERAL ASSEMBLY

#### INTRODUCED BY REPRESENTATIVE ROSS.

1752H.01I

DANA RADEMAN MILLER, Chief Clerk

### **AN ACT**

To repeal section 313.800, RSMo, and to enact in lieu thereof fourteen new sections relating to wagering on sporting events on excursion gambling boats.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 313.800, RSMo, is repealed and fourteen new sections enacted in lieu

- 2 thereof, to be known as sections 313.800, 313.1000, 313.1002, 313.1003, 313.1004, 313.1006,
- 3 313.1008, 313.1010, 313.1012, 313.1014, 313.1016, 313.1018, 313.1020, and 313.1022, to read
- 4 as follows:

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- 313.800. 1. As used in sections 313.800 to 313.850, unless the context clearly requires otherwise, the following terms mean:
- (1) "Adjusted gross receipts", the gross receipts from licensed gambling games and devices less winnings paid to wagerers. "Adjusted gross receipts" shall not include adjusted gross receipts from sports wagering as defined in section 313.1000;
- 6 (2) "Applicant", any person applying for a license authorized under the provisions of sections 313.800 to 313.850;
- 8 (3) "Bank", the elevations of ground which confine the waters of the Mississippi or 9 Missouri Rivers at the ordinary high water mark as defined by common law;
- 10 (4) "Capital, cultural, and special law enforcement purpose expenditures" shall include 11 any disbursement, including disbursements for principal, interest, and costs of issuance and
- 12 trustee administration related to any indebtedness, for the acquisition of land, land
- 13 improvements, buildings and building improvements, vehicles, machinery, equipment, works
- of art, intersections, signing, signalization, parking lot, bus stop, station, garage, terminal, hanger,
- 15 shelter, dock, wharf, rest area, river port, airport, light rail, railroad, other mass transit, pedestrian

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

shopping malls and plazas, parks, lawns, trees, and other landscape, convention center, roads, traffic control devices, sidewalks, alleys, ramps, tunnels, overpasses and underpasses, utilities, streetscape, lighting, trash receptacles, marquees, paintings, murals, fountains, sculptures, water and sewer systems, dams, drainage systems, creek bank restoration, any asset with a useful life greater than one year, cultural events, and any expenditure related to a law enforcement officer deployed as horse-mounted patrol, school resource or drug awareness resistance education (D.A.R.E) officer;

- (5) "Cheat", to alter the selection of criteria which determine the result of a gambling game or the amount or frequency of payment in a gambling game;
  - (6) "Commission", the Missouri gaming commission;
- (7) "Credit instrument", a written check, negotiable instrument, automatic bank draft or other authorization from a qualified person to an excursion gambling boat licensee or any of its affiliated companies licensed by the commission authorizing the licensee to withdraw the amount of credit extended by the licensee to such person from the qualified person's banking account in an amount determined under section 313.817 on or after a date certain of not more than thirty days from the date the credit was extended, and includes any such writing taken in consolidation, redemption or payment of a previous credit instrument, but does not include any interest-bearing installment loan or other extension of credit secured by collateral;
- (8) "Dock", the location in a city or county authorized under subsection 10 of section 313.812 which contains any natural or artificial space, inlet, hollow, or basin, in or adjacent to a bank of the Mississippi or Missouri Rivers, next to a wharf or landing devoted to the embarking of passengers on and disembarking of passengers from a gambling excursion but shall not include any artificial space created after May 20, 1994, and is located more than one thousand feet from the closest edge of the main channel of the river as established by the United States Army Corps of Engineers;
- (9) "Excursion gambling boat", a boat, ferry or other floating facility licensed by the commission on which gambling games are allowed;
- 43 (10) "Fiscal year" shall for the purposes of [subsections 3 and 4 of] section 313.820 mean 44 the fiscal year of a home dock city or county;
  - (11) "Floating facility", any facility built or originally built as a boat, ferry or barge licensed by the commission on which gambling games are allowed;
  - (12) "Gambling excursion", the time during which gambling games may be operated on an excursion gambling boat whether docked or during a cruise;
- 49 (13) "Gambling game" includes, but is not limited to, games of skill or games of chance 50 on an excursion gambling boat [but does not include gambling on sporting events]; provided 51 such games of chance are approved by amendment to the Missouri Constitution;

14) "Games of chance", any gambling game in which the player's expected return is not favorably increased by his or her reason, foresight, dexterity, sagacity, design, information or strategy;

- (15) "Games of skill", any gambling game in which there is an opportunity for the player to use his or her reason, foresight, dexterity, sagacity, design, information or strategy to favorably increase the player's expected return; including, but not limited to, the gambling games known as "poker", "blackjack" (twenty-one), "craps", "Caribbean stud", "pai gow poker", "Texas hold'em", "double down stud", **sports wagering,** and any video representation of such games;
  - (16) "Gross receipts", the total sums wagered by patrons of licensed gambling games;
- (17) "Holder of occupational license", a person licensed by the commission to perform an occupation within excursion gambling boat operations which the commission has identified as requiring a license;
  - (18) "Licensee", any person licensed under sections 313.800 to 313.850;
- (19) "Mississippi River" and "Missouri River", the water, bed and banks of those rivers, including any space filled by the water of those rivers for docking purposes in a manner approved by the commission but shall not include any artificial space created after May 20, 1994, and is located more than one thousand feet from the closest edge of the main channel of the river as established by the United States Army Corps of Engineers;
- (20) "Supplier", a person who sells or leases gambling equipment and gambling supplies to any licensee.
- 2. In addition to the games of skill defined in this section, the commission may approve other games of skill upon receiving a petition requesting approval of a gambling game from any applicant or licensee. The commission may set the matter for hearing by serving the applicant or licensee with written notice of the time and place of the hearing not less than five days prior to the date of the hearing and posting a public notice at each commission office. The commission shall require the applicant or licensee to pay the cost of placing a notice in a newspaper of general circulation in the applicant's or licensee's home dock city or county. The burden of proof that the gambling game is a game of skill is at all times on the petitioner. The petitioner shall have the affirmative responsibility of establishing his or her case by a preponderance of evidence including:
  - (1) Is it in the best interest of gaming to allow the game; and
  - (2) Is the gambling game a game of chance or a game of skill?

All testimony shall be given under oath or affirmation. Any citizen of this state shall have the opportunity to testify on the merits of the petition. The commission may subpoena witnesses to offer expert testimony. Upon conclusion of the hearing, the commission shall evaluate the record of the hearing and issue written findings of fact that shall be based exclusively on the evidence

and on matters officially noticed. The commission shall then render a written decision on the

- 89 merits which shall contain findings of fact, conclusions of law and a final commission order.
- 90 The final commission order shall be within thirty days of the hearing. Copies of the final
- ommission order shall be served on the petitioner by certified or overnight express mail, postage
- 92 prepaid, or by personal delivery.

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- 313.1000. As used in sections 313.1000 to 313.1022, the following terms shall mean:
- 2 (1) "Adjusted gross receipts":
  - (a) The total of all cash and cash equivalents received by a sports wagering operator from sports wagering minus:
    - (b) The total of:
    - a. All cash and cash equivalents paid out as winnings to sports wagering patrons;
- b. The actual costs paid by a sports wagering operator for any personal property
  or services distributed to sports wagering patrons as prizes;
  - c. Voided wagers; and
  - d. Uncollectible sports wagering receivables, not to exceed the lesser of:
- 11 (i) A reasonable provision for uncollectible patron checks received from sports wagering operations; or
  - (ii) Two percent of the total of all sums, including checks, regardless of whether collected, less the amount paid out as winnings to sports wagering patrons. For purposes of this section, a counter or personal check that is invalid or unenforceable under this section is considered cash received by the sports wagering operator from sports wagering operations;
- 18 (2) "Certificate holder", a licensed applicant issued a certificate of authority by the commission:
  - (3) "Certificate of authority", a certificate issued by the commission authorizing a licensed applicant to conduct sports wagering under sections 313.1000 to 313.1022;
    - (4) "Commission", the Missouri gaming commission;
- 23 (5) "Department", the department of revenue;
- 24 (6) "Excursion gambling boat", the same meaning as defined under section 25 313.800;
- 26 (7) "Gross receipts", the total amount of cash and cash equivalents paid by sports wagering patrons to a sports wagering operator to participate in sports wagering;
- 28 **(8)** "Interactive sports wagering platform" or "platform", a person that offers sports wagering over the internet, including on internet websites and mobile devices, on behalf of a certificate holder:

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31 (9) "Licensed applicant", a person holding a license issued under section 313.807 32 to operate an excursion gambling boat;

- (10) "Licensed facility", an excursion gambling boat licensed under this chapter;
- 34 (11) "Licensed supplier", a person holding a supplier's license issued by the 35 commission:
  - (12) "Occupational license", a license issued by the commission;
- 37 "Person", an individual, sole proprietorship, partnership, association, 38 fiduciary, corporation, limited liability company, or any other business entity;
  - (14) "Sports wagering", wagering conducted under sections 313.1000 to 313.1022 on athletic and sporting events involving human competitors. "Sports wagering" shall not include money spent to participate in paid fantasy sports under sections 313.900 to 313.955;
- "Sports wagering device", a mechanical, electrical, or computerized (15)44 contrivance, terminal, device, apparatus, piece of equipment, or supply approved by the 45 commission for conducting sports wagering under sections 313.1000 to 313.1022. "Sports wagering device" shall not include a device used by a sports wagering patron to access an interactive sports wagering platform;
- 48 (16) "Sports wagering operator" or "operator", a certificate holder or an 49 interactive sports wagering platform offering sports wagering on behalf of a certificate 50 holder;
- 51 (17) "Supplier's license", a license issued by the commission under section 313.807. 313.1002. 1. The state of Missouri shall be exempt from the provisions of 15 U.S.C. Section 1172.
- 2. All shipments of gambling devices used to conduct sports wagering under 4 sections 313.1000 to 313.1022 to licensed applicants or certificate holders, the registering, recording, and labeling of which have been completed by the manufacturer or dealer thereof in accordance with 15 U.S.C. Sections 1171 to 1178, shall be legal shipments of gambling devices into this state.
- 313.1003. 1. Sports wagering shall not be offered in this state except by a licensed facility. 2
  - 2. A licensed facility may offer sports wagering:
  - (1) In person at the licensed facility; and
- 5 (2) Over the internet via an interactive sports wagering platform to persons 6 physically located in this state.
- 313.1004. 1. The commission shall adopt rules to implement the provisions of 2 sections 313.1000 to 313.1022. Any rule or portion of a rule, as that term is defined in

3 section 536.010, that is created under the authority delegated in this section shall become

- 4 effective only if it complies with and is subject to all of the provisions of chapter 536 and,
- 5 if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of
- 6 the powers vested with the general assembly pursuant to chapter 536 to review, to delay
- the effective date, or to disapprove and annul a rule are subsequently held
- unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted
- after August 28, 2019, shall be invalid and void.
- 10 2. Rules adopted under this section shall include, but shall not be limited to, the following: 11
  - (1) Standards for the conduct of sports wagering;
- 13 (2) Standards and procedures to govern the conduct of sports wagering, including 14 the manner in which:
  - (a) Wagers are received;
- 16 (b) Payouts are paid; and

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- (c) Point spreads, lines, and odds are disclosed;
- 18 (3) Standards governing how a certificate holder offers sports wagering over the 19 internet through an interactive sports wagering platform to patrons physically located in 20 Missouri or in a state with which Missouri has entered into a reciprocal agreement on 21 sports wagering;
  - (4) The manner in which a certificate holder's books and financial records relating to sports wagering are maintained and audited, including standards for the daily counting of a certificate holder's gross receipts from sports wagering and standards to ensure that internal controls are followed; and
    - (5) Standards concerning the detection and prevention of compulsive gambling.
  - 3. Rules adopted under this section shall require a certificate holder to do the following:
  - (1) Designate an area within the licensed facility operated by the certificate holder for sports wagering conducted under sections 313.1000 to 313.1022;
- 31 (2) Ensure the security and integrity of sports wagers accepted through an 32 interactive sports wagering platform;
- (3) Ensure that the certificate holder's surveillance system covers all areas of the 34 licensed facility in which sports wagering is conducted;
- 35 (4) Allow the commission to be present, through the commission's gaming agents, 36 during the time sports wagering is conducted, in all areas of the certificate holder's licensed 37 facility where sports wagering is conducted, to do the following:

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38 (a) Ensure maximum security of the counting and storage of the sports wagering 39 revenue received by the certificate holder;

- (b) Certify the sports wagering revenue received by the certificate holder; and
- (c) Receive complaints from the public;
- 42 (5) Ensure that individuals who are less than twenty-one years of age do not make 43 sports wagers;
- 44 (6) Provide written information to sports wagering patrons about sports wagering, 45 payouts, winning wagers, and other information considered relevant by the commission; 46 and
- 47 (7) Post a sign in the designated sports wagering area indicating the minimum and 48 maximum amounts that may be wagered.
  - 313.1006. 1. A licensed applicant who wishes to offer sports wagering under sections 313.1000 to 313.1022 shall:
    - (1) Submit an application to the commission, in the manner prescribed by the commission, for each licensed facility in which the licensed applicant wishes to conduct sports wagering; and
      - (2) Pay an initial application fee of ten thousand dollars.
    - 2. Upon receipt of the application and fee required under subsection 1 of this section, the commission shall issue a certificate of authority to a licensed applicant authorizing the licensed applicant to conduct sports wagering under sections 313.1000 to 313.1022 in a licensed facility or through an interactive sports wagering platform.
    - 313.1008. 1. The commission shall test new sports wagering devices and new forms, variations, or composites of sports wagering, under the terms and conditions that the commission considers appropriate, prior to authorizing a certificate holder to offer a new sports wagering device or a new form, variation, or composite of sports wagering.
- 2. (1) A certificate holder shall designate an area or areas within the certificate 6 holder's licensed facility for conducting sports wagering.
  - (2) A certificate holder may administer or contract with an interactive sports wagering platform to administer interactive sports wagering on the certificate holder's behalf.
- 10 3. (1) Sports wagering may be conducted with chips, tokens, electronic cards, or 11 money or other negotiable currency.
- 12 (2) A certificate holder shall determine the minimum and maximum wagers in 13 sports wagering conducted in the certificate holder's licensed facility.
- 14 4. A certificate holder shall not permit any sports wagering on the premises of the 15 licensed facility except as provided under subsection 2 of this section.

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5. A sports wagering device shall be approved by the commission and acquired by a certificate holder from a licensed supplier.

- 6. The commission shall determine the occupations related to sports wagering that require an occupational license.
- 7. A certificate holder may lay off one or more sports wagers. The commission may promulgate rules permitting certificate holders or platforms to employ systems that offset loss or manage risk in the operation of sports wagering under sections 313.1000 to 313.1022 through the use of liquidity pools in other jurisdictions in which the certificate holder, platform, an affiliate of the certificate holder or platform, or a third party also holds licenses to conduct sports wagering, provided that at all times adequate protections are maintained to ensure sufficient funds are available to pay winnings to patrons.
- 8. Subject to the approval of the commission, a certificate holder may contract with a third party to conduct sports wagering at the certificate holder's licensed facility.
  - 313.1010. 1. An interactive sports wagering platform provider may offer sports wagering on behalf of a certificate holder only if the interactive sports wagering platform holds an interactive sports wagering platform license issued by the commission.
    - 2. An applicant for an interactive sports wagering platform license shall:
  - (1) Submit an application to the commission, in the manner prescribed by the commission, to verify the platform's eligibility under this section; and
    - (2) Pay an initial application fee of ten thousand dollars.
  - 3. Each year, on or before the anniversary date of the payment of the initial application fee under subsection 2 of this section, an interactive sports wagering platform provider holding a license issued under this section shall pay to the commission an annual license renewal fee of five thousand dollars.
  - 4. Notwithstanding any other provision of law to the contrary, the following information shall be confidential and shall not be disclosed to the public unless required by court order or by any other provision of sections 313.1000 to 313.1022:
    - (1) An interactive sports wagering platform license application; and
  - (2) All documents, reports, and data submitted by an interactive sports wagering platform provider to the commission containing proprietary information, trade secrets, financial information, or personally identifiable information about any person.
  - 313.1012. 1. A certificate holder shall verify that a person placing a wager is of the legal minimum age for placing a wager under sections 313.1000 to 313.1022.
- 2. The commission shall adopt rules and regulations for a sports wagering self-exclusion program consistent with those adopted under sections 313.800 to 313.850. Any rule or portion of a rule, as that term is defined in section 536.010, that is created

6 under the authority delegated in this section shall become effective only if it complies with

- 7 and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.
- 8 This section and chapter 536 are nonseverable and if any of the powers vested with the
- 9 general assembly pursuant to chapter 536 to review, to delay the effective date, or to
- disapprove and annul a rule are subsequently held unconstitutional, then the grant of
- 11 rulemaking authority and any rule proposed or adopted after August 28, 2019, shall be
- 12 invalid and void.

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- 3. The commission shall adopt rules to ensure that advertisements for sports wagering:
  - (1) Do not target minors or other persons who are ineligible to place wagers, problem gamblers, or other vulnerable persons;
    - (2) Disclose the identity of the sports wagering certificate holder;
- 18 (3) Provide information about or links to resources relating to gambling addiction; 19 and
  - (4) Are not otherwise false, misleading, or deceptive to a reasonable consumer.
  - 313.1014. 1. The commission shall conduct background checks on individuals seeking licenses under sections 313.1000 to 313.1022. A background check conducted under this section shall include a search for criminal history, and any charges or convictions involving corruption or manipulation of sporting events.
    - 2. (1) A certificate holder shall employ commercially reasonable methods to:
  - (a) Prohibit the certificate holder, directors, officers, and employees of the certificate holder, and any relative living in the same household of a person described in this paragraph from placing sports wagers with the certificate holder;
  - (b) Prohibit any individual with access to nonpublic confidential information held by the certificate holder from placing sports wagers with the certificate holder;
  - (c) Prevent the sharing of confidential information that could affect sports wagering offered by the certificate holder or by third parties until the information is made publicly available; and
- 14 (d) Prohibit persons from placing sports wagers as agents or proxies for other 15 persons.
- 16 (2) Nothing in this section shall preclude the use of internet or cloud-based hosting 17 of data, or any disclosure of information required by court order or other provisions of 18 law.
  - 3. The commission and certificate holders shall cooperate with investigations conducted by law enforcement agencies, including providing or facilitating the provision of betting information and audio or video files relating to persons placing sports wagers.

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4. A certificate holder shall immediately report to the commission any information relating to:

- 24 (1) Criminal or disciplinary proceedings commenced against the certificate holder 25 in connection with its operations;
  - (2) Bets or wagers that violate state or federal law;
- 27 (3) Abnormal wagering activity or patterns that may indicate a concern regarding 28 the integrity of a sporting event or events;
- 29 (4) Any other conduct that corrupts the wagering outcome of a sporting event or 30 events for purposes of financial gain; and
  - (5) Suspicious or illegal wagering activities.
- 5. A certificate holder shall maintain the confidentiality of information provided by a sports governing body to the certificate holder unless disclosure is required by court order, the commission, or any other provision of law.
- 313.1016. 1. A certificate holder, for bets and wagers that exceed ten thousand dollars in a twenty-four-hour period and were placed in person by a patron, shall maintain the following information for a period of at least three years after the sporting event occurs:
- 5 (1) Personally identifiable information of the patron;
- 6 (2) The amount and type of bet placed;
- 7 (3) The time and date the bet was placed;
- 8 (4) The location, including specific information pertaining to the betting window 9 where the bet was placed;
  - (5) The outcome of the bet; and
  - (6) Any discernable pattern of abnormal betting activity by the patron.
- 2. A certificate holder, for all bets and wagers placed through an interactive sports wagering platform, shall maintain the following information for a period of at least three years after the sporting event occurs:
- 15 (1) Personally identifiable information of the patron;
- 16 (2) The amount and type of bet placed;
- 17 (3) The time and date the bet was placed;
- 18 **(4)** The location, including specific information pertaining to the internet protocol address, where the bet was placed;
- 20 (5) The outcome of the bet; and
- 21 (6) Any discernable pattern of abnormal betting activity by the patron.

3. A certificate holder shall make the records and data that it is required to maintain under this section available for inspection upon request of the commission or as required by court order.

313.1018. 1. The performance of any act required, or the forbearance of any act prohibited, by sections 313.1000 to 313.1022, by an interactive sports wagering platform provider is imputed to the certificate holder on behalf of which the platform is operating, and vice versa.

- 2. A certificate holder is not liable under the laws of this state to any party, including patrons, for disclosing information as required under sections 313.1000 to 313.1022 and is not liable for refusing to disclose information unless required under sections 313.1000 to 313.1022.
- 313.1020. 1. A wagering tax of six and three-quarters percent is imposed on the adjusted gross receipts received from sports wagering conducted by a certificate holder under sections 313.1000 to 313.1022. If a third party is contracted with to conduct sports wagering at a certificate holder's licensed facility, the third party contractor shall fulfill the certificate holder's duties under this section.
- 2. A certificate holder shall remit the tax imposed by subsection 1 of this section to the department before the close of the business day one day prior to the last business day of each month for the wagering taxes collected for such month. Any taxes collected during the month, but after the day on which the taxes are required to be paid to the department, shall be paid to the department at the same time the following month's taxes are due.
- 3. The payment of the tax under this section shall be by an electronic funds transfer by an automated clearinghouse.
- 4. Revenues received from the tax imposed under subsection 1 of this section shall be deposited in the state treasury to the credit of the gaming proceeds for education fund and shall be distributed as provided under section 313.822.
- 5. (1) A certificate holder shall pay to the commission an annual administrative fee of five thousand dollars. The fee imposed shall be due one year after the date on which the certificate holder commences sports wagering operations under sections 313.1000 to 313.1022, and on each anniversary date thereafter. The commission shall deposit the administrative fees received under this subsection in the sports wagering fund established under subsection 6 of this section.
- (2) In addition to the annual administrative fee required under this subsection, a certificate holder shall pay to the commission a fee of ten thousand dollars to cover the costs of a full reinvestigation of the certificate holder in the fifth year after the date on which the certificate holder commences sports wagering operations under sections

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26 313.1000 to 313.1022 and on each fifth year thereafter. The commission shall deposit the 27 fees received under this subdivision in the sports wagering fund established under 28 subsection 6 of this section.

6. There is hereby established the "Sports Wagering Fund", to be administered by the commission. The fund shall consist of the fees deposited under subsection 5 of this section. The state treasurer shall invest the moneys in the fund not currently needed to meet the obligations of the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund. Moneys in the fund shall be used by the commission to pay the costs incurred to administer sections 313.1000 to 313.1022.

313.1022. All sports wagers authorized under sections 313.1000 to 313.1022 shall be deemed initiated, received, and otherwise made on the property of an excursion gambling boat within this state. Consistent with the intent of the United States Congress as articulated in the Unlawful Internet Gambling Enforcement Act of 2006, 31 U.S.C. Sections 5361 to 5367, as amended, the intermediate routing of electronic data relating to lawful intrastate sports wagers authorized under sections 313.1000 to 313.1022 shall not determine the location or locations in which such wager is initiated, received, or otherwise made.

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