

HCS HB 119 -- SPORTS WAGERING

SPONSOR: Smith

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on General Laws by a vote of 7 to 3. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 7 to 3.

This bill defines the term "sports wagering" and authorizes the Missouri Gaming Commission to implement regulations governing sports wagering, including standards for the conduct of sports wagering and holders of certificates for sports wagering. Numerous terms related to the sports wagering industry are defined in the bill.

The bill exempts Missouri from specified federal restrictions on gambling devices, but requires all such devices to be used by properly licensed facilities regulated by the commission.

The bill provides that sports wagering shall not be conducted except by an excursion gambling boat licensed under Chapter 313, RSMo. The bill further provides that sports wagering shall be conducted according to specific statutory criteria. The commission is required to test new sports wagering devices and forms of sports wagering. The commission may also issue a certificate for an interactive sports wagering platform. The bill establishes specific recording keeping requirements of all bets and wagers placed and requires retention for a three year period. Those under twenty-one are prohibited from gambling. It will be permissible for licensed casinos to contract with third parties to run sports wagering operations, but all parties are subject to supervision by the commission.

Wagers on collegiate athletic or sporting events or individual athletes is prohibited. Individuals may continue to voluntarily exclude themselves from sports gambling and information on gambling addiction will be provided. The bill prohibits numerous conflict of interest situations such as gambling on inside information, or gambling on events in which one or a close family member has an ownership interest. These criteria are specified in the bill. The commission and its licensed sports gaming operators are required to cooperate with investigations by law enforcement, sports governing bodies, and universities as specified in the bill.

A wagering tax of 8% is imposed on gross receipts received from sports wagering which shall be deposited in the "Gaming Proceeds for Education Fund." Certain royalties for college athletics and other sports governing bodies shall be remitted by the certificate

holder. The amount of royalty withheld is .025% of the total amount wagered as specified in the bill. The bill also creates an "Entry and Facilities Infrastructure Fund" which receives .006% of the gross amounts wagered and is managed by the commission to assist with sports related facilities and infrastructure as specified in the bill.

Administrative fees are specified in the bill and deposited in a "Sports Wagering Fund" administered by the commission and used for the commission's expenses.

The bill contains further conflict of interest and governance requirements including a requirement that individuals winning more than \$500 be screened for compliance with state tax laws and child support payments and a reimbursement process is specified. There is a prohibition on the sale or transfer of specified customer information. Individuals making wagers in excess of \$10,000 are subject to record keeping and identification rules.

PROPONENTS: Supporters say that it establishes a legal framework for sports betting that should attract industry to Missouri and contains consumer protection measures including restrictions on data sharing and anti-fraud requirements. The bill could generate up to \$38 million in new revenue for the state. It will inhibit the current black market in sports wagering and allow customers to use mobile gaming devices. The Missouri Gaming Commission will retain regulatory authority and sports wagering will be run only via existing casinos.

Testifying for the bill were Representative Smith; Bryan Seeley, Major League Baseball; St Louis Cardinals; and the Kansas City Royals.

OPPONENTS: Those who oppose the bill say that it may be necessary to revise some portions to account for administrative expenses. Royalties and taxes must be carefully set in order to make operation of sports wagering profitable in Missouri.

Testifying against the bill was the Missouri Gaming Association.