HB315

196012-3

By Representatives Rogers and Moore (M)

RFD: Economic Development and Tourism

First Read: 02-APR-19
SYNOPSIS: This bill would permit wagering on the results of certain professional or collegiate sports or athletic events and other events authorized as sports wagering activities.

This bill would create the Alabama Sports Wagering Commission, provide for its composition, powers, and duties.

This bill would provide rule-making authority to the Alabama Sports Wagering Commission.

This bill would allow the Alabama Sports Wagering Commission to issue licenses relating to sports wagering.

This bill would provide for four types of licenses to be issued related to sports betting.

This bill would establish license requirements and prohibitions.

This bill would authorize licensing fees.

This bill would define the duties of an operator conducting sports wagering.
This bill would require the posting of betting limits.

This bill would authorize sports wagering agreements with other governments.

This bill would create the Alabama Sports Wagering Fund.

This bill would authorize the collection of license fees.

This bill would authorize the Alabama Sports Wagering Commission to levy and collect a tax in the amount of 10 percent of adjusted gross sports wagering receipts.

This bill would provide for the distribution of moneys deposited in the Alabama Sports Wagering Fund.

This bill would authorize certain agreements between the Alabama Sports Wagering Commission and law enforcement.

This bill would impose civil penalties for certain violations.

This would establish crimes related to unauthorized sports wagering and impose criminal penalties.

This bill would provide an exemption from Alabama's criminal gambling statutes for wagering on professional, collegiate, and amateur sports contests and athletic events.
This bill would provide for the forfeiture of property for certain violations.

Amendment 621 of the Constitution of Alabama of 1901, now appearing as Section 111.05 of the Official Recompilation of the Constitution of Alabama of 1901, as amended, prohibits a general law whose purpose or effect would be to require a new or increased expenditure of local funds from becoming effective with regard to a local governmental entity without enactment by a 2/3 vote unless: it comes within one of a number of specified exceptions; it is approved by the affected entity; or the Legislature appropriates funds, or provides a local source of revenue, to the entity for the purpose.

The purpose or effect of this bill would be to require a new or increased expenditure of local funds within the meaning of the amendment. However, the bill does not require approval of a local governmental entity or enactment by a 2/3 vote to become effective because it comes within one of the specified exceptions contained in the amendment.

A BILL
TO BE ENTITLED
AN ACT
Relating to sports wagering; to permit wagering on the results of certain professional or collegiate sports or athletic events and other events authorized as sports wagering activities; to create the Alabama Sports Wagering Commission; to provide rule-making authority to the Alabama Sports Wagering Commission; to allow the Alabama Sports Wagering Commission to issue licenses relating to sports wagering; to provide for four types of licenses to be issued related to sports betting; to establish license requirements and prohibitions; to authorize licensing fees; to define the duties of an operator conducting sports wagering; to require the posting of betting limits; to authorize sports wagering agreements with other governments; to create the Alabama Sports Wagering Fund; to authorize the collection of license fees; to authorize the Alabama Sports Wagering Commission to collect an administrative allowance from gross sports wagering receipts; to authorize the Alabama Sports Wagering Commission to levy and collect a tax in the amount of 10 percent of adjusted gross sports wagering receipts; to provide for the distribution of moneys deposited in the Alabama Sports Wagering Fund; to authorize certain agreements between the Alabama Sports Wagering Commission and law enforcement; to impose civil penalties for certain violations; to establish crimes related to unauthorized sports wagering and impose criminal penalties; to provide for the forfeiture of property for certain violations; to amend Section 13A-12-31, Code of Alabama 1975, to provide an exemption from Alabama's criminal
gambling statutes for wagering on professional, collegiate, and amateur sports contests and athletic events; and in connection therewith would have as its purpose or effect the requirement of a new or increased expenditure of local funds within the meaning of Amendment 621 of the Constitution of Alabama of 1901, now appearing as Section 111.05 of the Official Recompilation of the Constitution of Alabama of 1901, as amended.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

    Section 1. This act shall be known and may be cited as the Alabama Sports Wagering Act.

    Section 2. As used in this act, the following words have the following meanings:

    (1) ADJUSTED GROSS RECEIPTS. The gross receipts of a licensee to act as an agent of the Alabama Sports Wagering Commission in operating Alabama sports wagering at a licensed gaming facility, less winnings paid to wagerers in the games.

    (2) COLLEGIATE SPORT OR ATHLETIC EVENT. A sport or athletic event offered or sponsored by, or played in connection with, a public or private institution that offers educational services beyond the secondary level.

    (3) COMMISSION. The Alabama Sports Wagering Commission.

    (4) GAMING EQUIPMENT or SPORTS WAGERING EQUIPMENT. A mechanical, electronic, or other device, mechanism, or equipment, and related supplies used or consumed in the operation of Alabama sports wagering at a licensed gaming
(1) facility, including but not limited to, a kiosk installed to accept sports wagers.

(5) GAMING FACILITY. A designated area on the premises of a facility licensed to accept sports wagering.

(6) GOVERNMENT. A governmental unit of a national, state, or local body exercising governmental functions, other than the United States government.

(7) GROSS SPORTS WAGERING RECEIPTS. The total gross receipts received by a licensed gaming facility from sports wagering.

(8) LICENSE. Any license applied for or issued by the commission under this act, including but not limited to:

a. OPERATOR LICENSE. A license to act as an agent of the commission in operating Alabama sports wagering at a licensed gaming facility.

b. SUPPLIER LICENSE. A license to supply a gaming facility, licensed under this act, to operate sports wagering with sports wagering equipment or services necessary for the operation of sports wagering.

c. OCCUPATIONAL LICENSE. A license to be employed at a racetrack or gaming facility, licensed under this act, to operate Alabama sports wagering when the employee works in a designated gaming area that has sports wagering or performs duties in furtherance of or associated with the operation of sports wagering at the licensed gaming facility.
d. MANAGEMENT SERVICES PROVIDER LICENSE. A license to provide management services under a contract to a gaming facility licensed under this act to operate sports wagering.

(9) LICENSED GAMING FACILITY. A designated area on the premises of the facility of an entity authorized to operate bingo or racetrack licensed under this act to conduct Alabama sports wagering.

(10) NATIONAL CRIMINAL HISTORY BACKGROUND CHECK SYSTEM. The criminal history record system maintained by the Federal Bureau of Investigation, based on fingerprint identification, or any other method of positive identification.

(11) OPERATOR. A licensed gaming facility which has elected to operate a sports pool and other authorized Alabama sports wagering activities.

(12) PROFESSIONAL SPORT OR ATHLETIC EVENT. An event at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in the event.

(13) SPORTS EVENT or SPORTING EVENT. Any professional sport or athletic event, any collegiate sport or athletic event, any motor race event, or any other special event authorized by the commission under this act.

(14) SPORTS POOL. The business of accepting wagers on any sports event by any system or method of wagering.

(15) SPORTS WAGERING. The business of accepting wagers on sporting events and other events, the individual
performance statistics of athletes in a sporting event or other events, or a combination of any of the same by any system or method of wagering approved by the commission including, but not limited to, mobile applications and other digital platforms that utilize communications technology to accept wagers originating within this state. The term includes, but is not limited to, exchange wagering, parleys, over-under, moneyline, pools, and straight bets. The term does not include:

a. Pari-mutuel betting on the outcome of horse or dog races.

b. Lottery games.

c. Racetrack video lottery.

d. Limited video lottery.

e. Racetrack table games.

f. Video lottery and table games.

g. Daily Fantasy Sports.

(16) SPORTS WAGERING ACCOUNT. A financial record established by a licensed gaming facility for an individual patron in which the patron may deposit and withdraw funds for wagering and other authorized purchases, and to which the licensed gaming facility may credit winnings or other amounts due to that patron or authorized by that patron.

(17) SPORTS WAGERING AGREEMENT. A written agreement between the commission and one or more other governments, whereby persons who are physically located in a signatory
jurisdiction may participate in sports wagering, conducted by
one or more operators licensed by the signatory governments.

(18) SPORTS WAGERING FUND. The Alabama Sports
Wagering Fund.

(19) SPORTS WAGERING LICENSE. Authorization granted
under this act by the commission to a gaming facility to
permit the gaming facility as an agent of the commission to
operate sports wagering in one or more designated areas or in
one or more buildings owned by the licensed gaming facility on
the grounds where the facility is located, or through any
other authorized platform developed by the gaming facility.
This term is synonymous with "operator's license."

(20) SUPPLIER. A person who requires a supplier
license to provide a sports wagering licensee with goods or
services to be used in connection with the operation of
Alabama sports wagering.

(21) TAX. The levy on the adjusted gross sports
wagering receipts from the operation of sports wagering.

(22) WAGER. A sum of money or thing of value risked
on an uncertain occurrence.

Section 3. (a) There is created the Alabama Sports
Wagering Commission which shall regulate and supervise the
operation and conduct of sports wagering in this state, and
implement, regulate, administer, and supervise all laws and
rules related to the operation and conduct of sports wagering.

(b) The commission shall consist of seven members of
which two members shall be appointed by the Governor with the
advice and consent of the Senate, two members shall be appointed by the Attorney General with the advice and consent of the Senate, one member shall be appointed by the Lieutenant Governor with the advice and consent of the Senate, one member shall be appointed by the Speaker of the House of Representatives with the advice and consent of the Senate, and one member shall be appointed by the Chief Justice of the state Supreme Court with the advice and consent of the Senate. The appointment of the initial members of the commission shall be made within 60 days of the effective date of this act. The appointing authorities shall coordinate their appointments to assure the membership is inclusive and reflects the racial, gender, geographic, urban, rural, and economic diversity of the state, provided that no more than two members can reside in the same Congressional District.

(1) Each member of the commission shall be a resident of the State of Alabama, a United States citizen, a prominent person in his or her business or profession, not have been convicted of a felony, and not have been employed by the gaming industry for a period of five years prior to his or her appointment or following his or her service. An elected state or local official may not be a member of the commission.

(2) Except for the initial term of office, each member shall serve for terms of five years, but no more than 12 years. Any vacancy occurring on the commission shall be filled for the unexpired term by the appointing authority as described in this section. The initial term of office upon the
effective date of this act shall be one year for the member
appointed by the Speaker of the House of Representatives, two
years for the members appointed by the Governor, three years
for the members appointed by the Attorney General, four years
for the member appointed by the Lieutenant Governor, and five
years for the member appointed by the Chief Justice of the
state Supreme Court. Each member of the commission shall serve
for the duration of his or her term and until his or her
successor is appointed and confirmed by the Senate; however,
if a successor is not appointed and confirmed within 120 days
after the expiration of the term of a member, a vacancy shall
be deemed to exist.

(c) The commission, its members, and employees shall
be subject to the Ethics Law, Section 36-25-1, et seq., Code
of Alabama 1975; the Open Records Act, Section 36-12-40, Code
of Alabama 1975; the Open Meetings Act, Section 36-25A-1, et
seq., Code of Alabama 1975; and the Administrative Procedure

(d) A licensee or an applicant for a license may not
make a campaign contribution to any public official authorized
to make an appointment to the commission.

(e) The commission shall adopt rules:

(1) Establishing standards and procedures for sports
wagering which shall provide for the conduct and
implementation of sports wagering within licensed facilities,
including any new sports wagering or variations or composites
of approved sports wagering if the commission determines that
the new sports wagering or any variations or composites or
other approved sports wagering are suitable for use after a
test or experimental period under the terms and conditions as
the commission may deem appropriate.

(2) Establishing standards and rules to govern the
conduct of sports wagering and the system of wagering,
including the manner in which wagers are received, payouts are
remitted and point spreads, lines, and odds are determined.
The commission may also establish standards and rules to
govern the conduct of sports wagering and the system of
wagering as a form of interactive gaming authorized by the
state.

(3) Establishing the method for calculating gross
sports wagering revenue and standards for the daily counting
and recording of cash and cash equivalents received in the
conduct of sports wagering, including ensuring that internal
controls are followed and how financial books and records are
maintained and audits are conducted. The commission shall
consult with the Department of Revenue in adopting rules under
this subdivision.

(4) Establishing notice requirements pertaining to
minimum and maximum wagers on sports wagering.

(5) Establishing compulsive and problem gambling
standards pertaining to sports wagering consistent with this
act.

(6) Establishing standards prohibiting persons under
21 years of age from participating in sports wagering.
(7) Requiring each licensee as appropriate to do all the following:
   a. Provide written information about sports wagering rules, payouts, winning wagers, and other information as the commission may require.
   b. Designate one or more locations within the licensed facility of the certificate holder to conduct sports wagering.
   c. Ensure that no person under 21 years of age participates in sports wagering.

Section 4. (a) In addition to the duties set forth in Section 3, the commission may regulate sports pools and the conduct of sports wagering under this act.

(b) The commission shall examine the rules implemented in other states where sports wagering is conducted and, as far as practicable, shall adopt a similar regulatory framework through adoption of rules.

(c) The commission may adopt any rules which it considers necessary for the successful implementation, administration, and enforcement of this act.

(1) The rules adopted by the commission may include, but are not limited to, all of the following:
   a. The acceptance of wagers on a sports event or a series of sports events.
   b. Maximum wagers which may be accepted by an operator from any one patron on any one sports event.
   c. The type of wagering tickets which may be used.
d. The method of issuing tickets and the method of accounting to be used by operators.

e. The type of records which shall be kept; use of credit and checks by patrons.

f. The type of system for wagering and the protections for patrons placing wagers.

g. The promotion of social responsibility, responsible gaming, and inclusion of the statement, "If you or someone you know has a gambling problem and wants help, call 1-800 GAMBLER," in every designated area approved for sports wagering and on any mobile application or other digital platform used to place wagers.

(2) The commission shall establish and approve minimum internal control standards proposed by licensed operators for the administration of sports wagering operations, wagering equipment, and systems, or other items used to conduct sports wagering, as well as maintenance of financial records and other required records.

(d) The commission shall determine the eligibility of a person to hold or continue to hold a license, shall issue all licenses, and shall maintain a record of all licenses issued in this act.

(e) The commission shall levy and collect all fees, surcharges, civil penalties, and weekly tax on adjusted gross sports wagering receipts imposed by this act, and deposit all money into the Sports Wagering Fund, except as otherwise provided in this act.
(f) The commission may sue to enforce any provision of this act or any rule of the commission by civil action or petition for injunctive relief.

(g) The commission shall hold hearings, administer oaths, and issue subpoenas or subpoenas duces tecum. All hearings shall be conducted pursuant to the state Administrative Procedure Act.

(h) The commission may exercise any powers necessary to effectuate this act and the rules of the commission.

Section 5. (a) The commission may not grant a license required under this act to any applicant until the commission has published the notice as required by Section 41-22-5 of the Code of Alabama 1975.

(b) A person or entity may not engage in an activity in connection with sports wagering in this state unless all necessary licenses have been obtained in accordance with this act and the rules of the commission. The four types of licenses which may be issued pursuant to this act are operator, supplier, management services, and occupational.

(c) The commission may not grant a license until it determines that each applicant, and each person who has control of the applicant, meets all qualifications for licensure. The following persons are considered to have control of an applicant:

(1) Each person associated with a corporate applicant, including any corporate holding company, parent company, or subsidiary company of the applicant who has the
ability to control the activities of the corporate applicant or elect a majority of the board of directors of that corporation. This does not include any bank or other licensed lending institution which holds a mortgage or other lien acquired in the ordinary course of business.

(2) Each person associated with a noncorporate applicant who directly or indirectly holds a beneficial or proprietary interest, or who the commission otherwise determines has the ability to control the applicant.

(3) Key personnel of an applicant, including any executive, employee, or agent having the power to exercise significant influence over decisions concerning any part of the applicant's business operation.

(d) Each applicant for a license issued under this act shall submit an application to the commission in the form the commission requires and submit fingerprints for a state and national criminal history records check from the Alabama State Law Enforcement Agency or the Federal Bureau of Investigation. The fingerprints shall be furnished by all persons required to be named in the application and shall be accompanied by a signed authorization for the release of information by the Alabama State Law Enforcement Agency and the Federal Bureau of Investigation. The commission may require additional background checks on licensees when they apply for annual license renewal, and an applicant convicted of a disqualifying offense shall not be licensed.
(e) Each sports wagering licensee, licensed supplier, or a licensed management services provider shall display the license conspicuously in its place of business or have the license available for inspection by any agent of the commission or any law enforcement agency.

(f) Each holder of an occupational license shall carry the license and have some indicia of licensure prominently displayed on his or her person when present in a licensed gaming facility at all times in accordance with the rules of the commission.

(g) Each person licensed under this act shall give written notice to the commission within 30 days of a change to any information provided in the licensee's application for a license or renewal.

(h) No commission employee may be an applicant for any license issued under this act.

Section 6. (a) A facility where pari-mutuel wagering is permitted by law may operate sports wagering upon the approval of the commission.

(b) An operator license allows each licensee lawful authority to conduct sports wagering within the terms and conditions of the license and any rule adopted pursuant to this act.

(c) The commission may issue up to seven licenses to operate sports wagering.

(d) Upon application by a pari-mutuel facility and payment of a one hundred thousand dollar ($100,000)
application fee, the commission shall immediately grant a
sports wagering license to an operator that provides for the
right to conduct sports wagering where pari-mutuel wagering is
permitted who otherwise meets the requirements for licensure
under this act and the rules of the commission. This license
shall be issued for a five-year period and may be renewed for
five-year periods upon payment of a one hundred thousand
dollar ($100,000) renewal fee if an operator continues to meet
all qualification requirements.

(e) A sports wagering license authorizes the
operation of sports wagering at locations and through any
mobile application or other digital platforms approved by the
commission.

(f)(1) A sports wagering licensee may not enter
into any management services contract that would permit any
person other than the licensee to act as the agent of the
commission in operating sports wagering, unless the management
services contract:

a. Is with a person licensed under this act to
provide management services.

b. Is in writing.

c. Has been approved by the commission.

(2) Each sports wagering licensee shall submit any
material change in a management services contract, previously
approved by the commission, to the commission for its approval
or rejection before the material change may take effect.
(3) The duties and responsibilities of a management services provider under a management services contract may not be assigned, delegated, subcontracted, or transferred to a third party without the prior approval of the commission, and the third parties must be licensed as a management services provider under this act before providing services.

(g)(1) A licensed operator shall submit to the commission such documentation or information as the commission may require to demonstrate to the satisfaction of the commission that the licensee continues to meet the requirements of the law and rules adopted by the commission. The required documentation or information shall be submitted no later than five years after issuance of an operator license and every five years thereafter, or within lesser periods, based on circumstances specified by the commission.

(2) If the licensee fails to apply to renew its license prior to expiration, the commission shall renew the license if the licensee was operating in compliance with the applicable requirements in the preceding license year.

(h) A sports wagering licensee shall execute a surety bond in an amount and in the form approved by the commission, to be given to the state, to guarantee the licensee faithfully makes all payments in accordance with this act and rules adopted by the commission.

(i) Upon application for a license and annually thereafter, a sports wagering licensee shall submit to the commission an annual audit of the financial transactions and
condition of the total operations of the licensee, prepared by
a certified public accountant, in accordance with generally
accepted accounting principles and applicable federal and
state laws.

(j) Each sports wagering licensee shall provide
suitable office space at the sports wagering facility at no
cost for the commission to perform the duties required of it
by this act and the rules of the commission.

(k) Each sports wagering licensee shall demonstrate
that its gaming facility:

(1) Is accessible to disabled individuals, in
accordance with applicable federal and state laws.

(2) Is licensed in accordance with this act and all
other applicable federal, state, and local laws.

(3) Meets the qualifications specified in rules
adopted by the commission.

(l) Notwithstanding any provision of law or rules
adopted by the Alcoholic Beverage Control Board, vacation of
the premises after service of beverages ceases is not required
for any licensed gaming facility.

Section 7. (a) A holder of a license to operate
sports wagering may contract with an entity to conduct that
operation in accordance with the rules of the commission. The
entity shall obtain a license as a management services
provider prior to the execution of the contract and the
license shall be issued pursuant to this act and any rules
adopted by the commission.
(b) Each applicant for a management services provider license shall meet all requirements for licensure and pay a nonrefundable application fee of one thousand dollars ($1,000). The commission may adopt rules establishing additional requirements for an authorized management services provider. The commission may accept licensing by another jurisdiction, if the other jurisdiction has similar licensing requirements, as evidence the applicant meets authorized management services provider licensing requirements.

(c) Each management services provider license shall be renewed annually to a licensee who continues to be in compliance with all requirements and who pays the annual renewal fee of one thousand dollars ($1,000).

(d) An entity or individual who shares in revenue, including any affiliate operating under a revenue share agreement, shall be licensed under this section.

Section 8. (a)(1) The commission may issue a supplier license to a person to sell or lease sports wagering equipment, systems, or other gaming items necessary to conduct sports wagering, and offer services related to such equipment or other gaming items to a sports wagering licensee while the license is active. The commission may establish the conditions under which the commission may issue provisional licenses, pending completion of final action on an application.

(2) The commission may adopt rules establishing additional requirements for a sports wagering supplier and a system or other equipment utilized for wagering. The
commission may accept licensing by another jurisdiction if the
other jurisdiction has similar licensing requirements and the
applicant meets sports wagering supplier licensing
requirements.

(b) An applicant for a supplier license shall
demonstrate that the equipment, system, or services that the
applicant plans to offer to the sports wagering licensee
conform to standards established by the commission and
applicable state law. The commission may accept approval by
another jurisdiction if the jurisdiction has similar equipment
standards and the applicant meets the standards established by
the commission and applicable state law.

(c) Each applicant shall pay to the commission a
nonrefundable license and application fee in the amount of one
thousand dollars ($1,000). After the initial one-year term,
the commission shall renew supplier licenses annually
thereafter. Renewal of a supplier license will be granted to
any renewal applicant who has continued to comply with all
applicable statutory and regulatory requirements upon
submission of the commission issued renewal form and payment
of a one thousand dollar ($1,000) renewal fee.

(d) A licensed sports wagering supplier shall submit
to the commission a list of all sports wagering equipment and
services sold, delivered to, or offered to a sports wagering
licensee in this state, as required by the commission, all of
which shall be tested and approved by an independent testing
laboratory approved by the commission. A sports wagering
licensee may continue to use supplies acquired from a licensed sports wagering supplier, even if the license of the supplier has expired or is otherwise canceled, unless the commission finds a defect in the supplies.

Section 9. (a) Each person employed to be engaged directly in wagering-related activities, or otherwise conducting or operating sports wagering, shall be licensed by the commission and maintain a valid occupational license at all times and the commission shall issue the license to be employed in the operation of sports wagering to a person who meets the requirements of this section.

(b) An occupational license to be employed by a gaming facility with sports wagering permits the licensee to be employed in the capacity designated by the commission while the license is still active. The commission may adopt, by rule, job classifications with different requirements to recognize the extent to which a particular job has the ability to impact the proper operation of sports wagering.

(c) Each applicant shall submit any required application forms established by the commission and pay a nonrefundable application fee of one hundred dollars ($100). The fee may be paid on behalf of an applicant by the employer of the applicant.

(d) Each licensed employee shall pay to the commission an annual license fee of one hundred dollars ($100) by October 31 of each year. The fee may be paid on behalf of the licensed employee by the employer. In addition to a
renewal fee, each licensed employee shall annually submit a renewal application on the form required by the commission.

Section 10. (a) The commission may not grant any license if evidence satisfactory to the commission exists that the applicant:

(1) Has knowingly made a false statement of a material fact to the commission.

(2) Has been suspended from operating a gambling game, gaming device, or gaming operation, or had a license revoked by any governmental authority responsible for regulation of gaming activities.

(3) Has been convicted of a crime of moral turpitude, a gambling-related offense, a theft or fraud offense, or has otherwise demonstrated, either by a law enforcement record or other satisfactory evidence, a lack of respect for law and order.

(4) Is a company or individual who has been directly employed by any illegal or offshore book that serviced the United States, or otherwise accepted black market wagers from individuals located in the United States.

(b) The commission may deny a license to an applicant, reprimand a licensee, or suspend or revoke a license:

(1) If the applicant or licensee has not demonstrated to the satisfaction of the commission financial responsibility sufficient to adequately meet the requirements of the proposed enterprise.
(2) If the applicant or licensee is not the true owner of the business or is not the sole owner, and has not disclosed the existence or identity of other persons who have an ownership interest in the business.

(3) If the applicant or licensee is a corporation which sells more than five percent of the voting stock of the licensee, or more than five percent of the voting stock of a corporation which controls the licensee, or sells the assets of a licensee, other than those bought and sold in the ordinary course of business, or any interest in the assets, to any person not already determined by the commission to have met the qualifications of a licensee under this act.

(c) The commission may deny a sports wagering license to an applicant, reprimand a licensee, or suspend or revoke a license if an applicant has not met the requirements of this act.

Section 11. (a) Each operator shall adopt comprehensive house rules for game play governing sports wagering transactions with its patrons. The comprehensive rules shall be published as part of the minimum internal control standards. The rules shall specify the amounts to be paid on winning wagers and the effect of schedule changes. House rules shall be approved by the commission prior to implementation.

(b) The house rules, together with other information the commission deems appropriate, shall be conspicuously displayed and included in the terms and conditions of the
sports wagering system, and copies of the rules shall be made readily available to patrons.

(c) The commission shall design a logo and require the display of the logo on game surfaces, other gaming items, and other locations the commission considers appropriate.

Section 12. (a) Each operator licensee shall do all of the following:

(1) Employ a monitoring system utilizing software to identify non-normal irregularities in volume or odds swings which could signal suspicious activities that should require further investigation, which shall be immediately reported to and investigated by the commission. The system requirements and specifications shall be developed according to industry standards and implemented by the commission as part of the minimum internal control standards.

(2) Promptly report to the commission any facts or circumstances related to the operation of a sports wagering licensee which constitute a violation of state or federal law and immediately report any suspicious betting over a threshold set by the operator, that has been approved by the commission, to the appropriate state or federal authorities.

(3) Conduct all sports wagering activities and functions in a manner which does not pose a threat to the public health, safety, or welfare of the citizens of this state and does not adversely affect the security or integrity of sports wagering in this state.
(4) Hold the commission and the state harmless from, defend, and pay for the defense of all claims asserted against a licensee, the commission, the state, or employees thereof, arising from the actions or omission of the licensee while acting as an agent of the commission operating sports wagering.

(5) Assist the commission in maximizing sports wagering revenues.

(6) Keep current in all payments and obligations to the commission.

(b) Each sports wagering licensee shall be responsible for doing all of the following:

(1) Acquire sports wagering gaming equipment by purchase, lease, or other assignment and provide a secure location for the placement, operation, and play of sports wagering gaming equipment.

(2) Prevent any person from tampering with or interfering with the operation of any sports wagering.

(3) Ensure that sports wagering conducted at a gaming facility is within the sight and control of designated employees of the licensee and such wagering at the facility or otherwise available by the licensee is conducted under continuous observation by security equipment in conformity with specifications and requirements of the commission.

(4) Ensure that sports wagering occurs only in the specific locations within designated gaming areas, approved by the commission, or using a commission-approved device, mobile
application, or digital platform that utilizes communications technology to accept wagers originating within this state. Sports wagering shall only be relocated or offered in additional authorized manners in accordance with the rules of the commission.

(5) Maintain sufficient cash and other supplies to conduct sports wagering at all times.

(6) Maintain daily records showing the gross sports wagering receipts and adjusted gross sports wagering receipts of the licensee from sports wagering and shall timely file with the commission any additional reports required by rule or by other provisions of this act.

Section 13. Each sports wagering licensee shall conspicuously post a sign at each sports wagering location indicating the minimum and maximum wagers permitted at that location and shall comply with the information on the sign.

Section 14. (a) The commission may do any of the following:

(1) Enter into sports wagering agreements with other governments where a person who is physically located in a signatory jurisdiction may participate in sports wagering conducted by one or more operators licensed by the signatory governments.

(2) Take all necessary actions to ensure that any sports wagering agreement entered into, pursuant to this section, becomes effective.
(b) The rules adopted by the commission, pursuant to this section, may include the following:

(1) The form, length, and terms of an agreement entered into by the commission and another government, including, but not limited to, provisions relating to how:
   a. Taxes are to be treated by this state and another government.
   b. Revenues are to be shared and distributed.
   c. Disputes with patrons are to be resolved.

(2) The information to be furnished to the commission by a government that proposes to enter into an agreement with this state pursuant to this section.

(3) The information to be furnished to the commission to enable the commission to carry out the purposes of this section.

(4) The manner and procedure for hearings conducted by the commission pursuant to this section, including any special rules or notices.

(5) The information required to be furnished to the commission to support any recommendations made to the commission, pursuant to this section.

(c) The commission may not enter into any sports wagering agreement, pursuant to this section, unless the agreement includes the following:

(1) Account for the sharing of revenues by this state and another government.
(2) Permit the effective regulation of sports wagering by this state, including provisions relating to licensing of persons, technical standards, resolution of disputes by patrons, requirements for bankrolls, enforcement, accounting, and maintenance of records.

(3) Require each government that is a signatory to the agreement to prohibit operators of sports wagering, service providers, manufacturers, or distributors of sports wagering systems from engaging in any activity permitted by the sports wagering agreement, unless they are licensed in this state or in a signatory jurisdiction with similar requirements approved by the commission.

(4) Prevent variation from the requirements of the sports wagering agreement for any signatory government with a lack of opposition by this state and all signatory governments.

(5) Prohibit any subordinate or side agreements among any subset of governments that are signatories to the agreement unless it relates exclusively to the sharing of revenues.

(6) Require the government to establish and maintain regulatory requirements governing sports wagering that are consistent with the requirements of this state in all material respects, if the sports wagering agreement allows persons physically located in this state to participate in sports wagering conducted by another government or an operator licensed by another government.
Section 15. (a) An operator shall accept wagers on sports events and other events authorized under this act from persons physically present in a licensed gaming facility where authorized sports wagering occurs, or from persons not physically present who wager by means of approved electronic devices. A person placing a wager shall be at least 21 years of age.

(b) An operator may accept wagers from an individual physically located within this state using a mobile or other digital platform or a sports wagering device approved by the commission through the patron's sports wagering account.

(c) An operator may accept wagers from an individual physically located in a state or jurisdiction with which the commission has entered into a sports wagering agreement and using a mobile or other digital platform or a sports wagering device, through the patron's sports wagering account, if the device or platform is approved by the commission and all other requirements of the agreement are satisfied.

(d) The commission and operator may ban any person from entering a gaming area of a gaming facility conducting sports wagering, or the grounds of a gaming facility licensed under this act, from participating in the play or operation of all sports wagering. A log of all excluded players shall be kept by the commission and each licensee, and a player on the commission's exclusion list or the licensed operator's exclusion list may not be allowed to wager on sports wagering under this act.
(e) The commission shall adopt rules implementing subsection (a) by interpretive rule and minimum internal control standards.

(f) The commission, when a federal law is enacted or repealed or when a federal court decision is filed that permits a state to regulate sports wagering, shall publish a notice in the Alabama Administrative Code notifying the public of the enactment or repeal of federal law or of the issuance of the court decision. The commission shall not be authorized to conduct sports wagering in this state until the notice prescribed in this subsection is published in the Alabama Administrative Code.

(g) A licensed gaming facility employee may not place a wager on any sports wagering at the facility of his or her employer or through any other mobile application or digital platform of his or her employer.

(h) A commission employee may not knowingly wager or be paid any prize from any wager placed at any licensed gaming facility with sports wagering within this state or at any facility outside this jurisdiction that is directly or indirectly owned or operated by a sports wagering licensee.

Section 16. (a) For the privilege of holding a license to operate sports wagering under this act there is levied a 10 percent tax on the adjusted gross sports wagering receipts from the operation of sports wagering of the licensee. The accrual method of accounting shall be used for
purposes of calculating the amount of the tax owed by the licensee.

(b)(1) The tax levied and collected pursuant to subsection (a) is due and payable to the commission in weekly installments, on or before the Wednesday following the calendar week in which the adjusted gross sports wagering receipts were received and the tax obligation was accrued.

(2) The licensed operator shall complete and submit the return for the preceding week by electronic communication to the commission, on or before Wednesday of each week, in the form prescribed by the commission that provides all of the following:

a. The total gross sports wagering receipts and adjusted gross sports wagering receipts from the operation of sports wagering during that week.

b. The tax amount for which the sports wagering licensee is liable.

c. Any additional information necessary in the computation and collection of the tax on adjusted gross sports wagering receipts required by the commission.

(3) The tax amount shown to be due shall be remitted by electronic funds transfer simultaneously with the filing of the return. All moneys received by the commission pursuant to this section shall be deposited in the Sports Wagering Fund.

(4) When the adjusted gross receipts for a week is a negative number because the winnings paid to patrons wagering on the sports wagering of the licensee exceeds the total gross
receipts of the licensee from sports wagering by patrons, the commission shall allow the licensee to carry over the negative amount to returns filed for subsequent weeks. The negative amount of adjusted gross receipts may not be carried back to an earlier week and moneys previously received by the commission will not be refunded, except if the licensee surrenders its operator’s license, and last return reported negative adjusted gross receipts, and in that case, the commission shall multiply the amount of negative adjusted gross receipts by 10 percent and pay the amount to the licensee in the manner approved by the commission.

(c) With the exception of ad valorem property taxes, the tax on the adjusted gross sports wagering receipts imposed by this section is in lieu of all other state and local taxes and fees imposed on the operation of, or the proceeds from the operation of, sports wagering.

(d) Notwithstanding any other provision law, no credit may be allowed against the tax obligation imposed by this section or against any other tax imposed by any other provision of law for any investment in gaming equipment or for any investment in, or improvement to, real property that is used in the operation of sports wagering.

Section 17. (a) A special fund in the State Treasury known as the Sports Wagering Fund is hereby created and all money collected under this act by the commission shall be deposited with the State Treasurer to the Sports Wagering Fund. The fund shall be an interest-bearing account with all
interest or other return earned on the money of the fund credited to and deposited in the fund. All expenses of the commission incurred in the administration and enforcement of this act shall be paid from the sports wagering fund, pursuant to subsection (b).

(b) The commission shall deduct an amount sufficient to reimburse its actual costs and expenses incurred in administering sports wagering at licensed gaming facilities from the gross deposits into the Sports Wagering Fund. The amount remaining after the deduction for administrative expenses is the net profit.

(1) The commission shall retain up to 15 percent of the gross deposits for the fund operation and its administrative expenses. If the percentage allotted for operations and administration generates a surplus, the surplus shall be allowed to accumulate but may not exceed two hundred fifty thousand dollars ($250,000). On a monthly basis, the commission shall remit the entire amount of surplus funds in excess of two hundred fifty thousand dollars ($250,000) to the State Treasurer which shall be allocated as net profit which shall be deposited into the Sports Wagering Fund.

(2) Monies in the Sports Wagering Fund shall be allocated exclusively to provide scholarships for up to two years to citizens of Alabama to attend two- and four-year public institutions of higher education located in Alabama which shall be administered by the Department of Education.
Section 18. The commission shall by contract or cooperative agreement with the Alabama State Law Enforcement Agency, arrange for those law enforcement services uniquely related to sports wagering at facilities authorized by this act that are necessary to enforce this act. The Alabama State Law Enforcement Agency shall have exclusive jurisdiction over offenses committed on the grounds of a licensed sports wagering facility that are offenses relating to sports wagering.

Section 19. (a) The commission may impose, on any person who violates this act, a civil penalty not to exceed fifty thousand dollars ($50,000) for each violation. The penalty shall be imposed on all individuals and is not limited to individuals licensed under this act. This subsection shall not be construed as applicable to office pools.

(b) The provisions of Section 41-22-12, Code of Alabama 1975, shall apply to any civil penalty imposed pursuant to this section.

Section 20. (a) A person, other than a licensee under this act, who engages in accepting, facilitating, or operating a sports wagering operation shall be guilty of a misdemeanor and, upon conviction of the offense, shall be fined not more than ten thousand dollars ($10,000) or confined in jail for not more than 90 days, or both fined and confined.

(b) A person convicted of a second violation of subsection (a) is guilty of a misdemeanor and, upon conviction, shall be fined not more than fifty thousand
dollars ($50,000) or confined in jail for not more than six months, or both fined and confined.

(c) A person convicted of a third or subsequent violation of subsection (a) shall be guilty of a felony and, upon conviction, shall be fined not less than twenty-five thousand dollars ($25,000) nor more than one hundred thousand dollars ($100,000) or imprisoned in a state correctional facility for not less than one year nor more than five years, or both fined and confined.

Section 21. (a)(1) A sports wagering licensee shall be guilty of unlawful operation if:

a. The licensee operates sports wagering without authority of the commission to do so.

b. The licensee operates sports wagering in any location or by any manner that is not approved by the commission.

c. The licensee knowingly conducts, carries on, operates, or allows any sports wagering to occur on premises or through any other device if equipment or material has been tampered with, or exposed to conditions in which it will be operated in a manner designed to deceive the public.

d. The licensee employs an individual who does not hold a valid occupational license in a position for which a license is required or otherwise allows an individual to perform duties for which such license is required, or continues to employ an individual after the employee's occupational license is no longer valid.
e. The licensee acts or employs another person to act as if he or she is not an agent or employee of the licensee in order to encourage participation in sports wagering at the licensed gaming facility.

f. The licensee knowingly permits an individual under the age of 21 to enter or remain in a designated gaming area or to engage in sports wagering at a licensed gaming facility.

g. The licensee exchanges tokens, chips, electronic media, or other forms of credit used for wagering for anything of value except money or credits applied to a sports wagering account at a gaming facility authorized under this act.

(2) Any person who violates this subsection shall be guilty of a Class C felony.

(b)(1) It shall be unlawful for a person to do any of the following:

a. Offer, promise, or give anything of value to anyone for the purpose of influencing the outcome of a race, sporting event, contest, or game upon which a wager may be made, or a person places, increases, or decreases a wager after acquiring knowledge, not available to the general public, that anyone has been offered, promised, or given anything of value for the purpose of influencing the outcome of a race, sporting event, contest, or game upon which the wager is placed, increased or decreased, or attempts to do any of the same.
b. Change or alter the normal outcome of any game played on a mobile or other digital platform, including any interactive gaming system used to monitor the same, or the way in which the outcome is reported to any participant in the game.

c. Manufacture, sell, or distribute any device that is intended by that person to be used to violate this act or the sports wagering laws of any other state.

d. Place a bet or aid any other individual in placing a bet on a sporting event or other sports wagering game or offering authorized under this act after unlawfully acquiring knowledge of the outcome in which winnings from that bet are contingent.

e. Claim, collect, or take anything of value from a gaming facility with sports wagering with intent to defraud, or attempt such action, without having made a wager in which such amount or value is legitimately won or owed.

f. Knowingly place a wager using counterfeit currency or other counterfeit forms of credit for wagering at a gaming facility with sports wagering.

g. The person, not a licensed gaming facility under this act or an employee or agent of a gaming facility licensed under this act, acting in furtherance of the licensee's interest, has in his or her possession on grounds owned by the gaming facility licensed under this act or on grounds contiguous to the licensed gaming facility, any device
intended to be used to violate this act or any rule of the commission.

(2) Any person who violates this subsection shall be guilty of a Class C felony.

(b) Each sports wagering licensee shall post notice of the prohibitions and penalties of this section in a manner determined by the rules of the commission.

Section 22. (a) Anything of value and its traceable proceeds are subject to forfeiture to the state if used for any of the following:

(1) As a bribe intended to affect the outcome of a sports wagering game or event in a licensed gaming facility.

(2) In exchange for, or to facilitate, a violation of this act.

(b) If the forfeited property includes the gaming facility real property and all of its improvements and related personal property, the commission may take control of and operate the gaming facility and all related functions until the forfeited property is sold or returned to the licensee as a result of due process proceedings.

Section 23. Section 13A-12-31, Code of Alabama 1975, is amended to read as follows.

"§13A-12-31.

"(a) The Legislature is cognizant of Opinion of the Justices No. 205, issued August 16, 1971, in which the Supreme Court of Alabama held that while the Constitution of Alabama of 1901, states that the Legislature shall not authorize a
lottery, it "does not restrict the Legislature in its authority to authorize gambling." In Opinion No. 205, the Supreme Court held that placing bets on dog races with a pari-mutuel system of wagering was permissible, since "the winner of a dog race is not determined by chance," and since a "significant degree of skill is involved in picking the winning dog, (including) such factors as weight, paternity, trainer, position, past record, wet or dry track, etc. all (of which) must be considered by (the) successful bettor." It further opined that the pari-mutuel system of wagering did not have a direct impact on the outcome of the race, but only upon the amount of the purse, and that because of this, the presence of wagering would not convert the race from a game of skill to a game of chance, and wagering on the outcome of the race would therefore not be considered an impermissible lottery.

"(b) The Legislature is also cognizant of Opinion of the Justices No. 373, issued April 24, 2001, in which the Supreme Court of Alabama recognized Alabama's previous adoption of the "'correct American Rule,' i.e., that a game escapes anti-lottery provisions only where skill is the dominant factor." In Opinion No. 373, the Supreme Court cited Opinion of the Justices No. 83, issued September 8, 1947, in which the Supreme Court wrote: "[i]n a lottery the winner is determined by lot. Lot or chance is the determining factor and a participant has no opportunity to materially exercise his reason, judgment, sagacity, or discretion... Horse racing,
like foot races, boat races, football, and baseball, is a game in which the skill and judgment of man enter into the outcome to a marked degree and is not a game where chance is the dominant factor."

"(c) The Legislature finds that, under the reasoning of the Supreme Court of Alabama in Opinion of the Justices No. 205, Opinion of the Justices No. 373, and Opinion of the Justices No. 83, sports events, like horse racing, dog racing, foot races, boat races, football, baseball, and more, are games of skill where chance is not the dominant factor. Because of this, the Legislature finds that exempting wagering on professional, college, and amateur sports events is permissible, that doing so is logical for the same reasons that currently allow for pari-mutuel wagering on race meetings in Alabama, and that doing so does not violate the Constitution.

"(d) The provisions of this This article shall not apply to pari-mutuel betting at race meetings authorized by statute. All presently effective state statutes and laws and locally adopted ordinances and laws pursuant thereto legalizing, authorizing or allowing greyhound races and betting or wagering thereon are hereby expressly and specifically preserved, saved, and excepted from any repealer provisions contained anywhere in the Criminal Code.

"(e) This article shall not apply to the participation in or operation of a pool or service that
accepts or facilitates wagering on professional, collegiate, or amateur sport contests or athletic events.

"(f) A person must be 21 years of age or older to lawfully participate in a pool or service that accepts wagers on sport contests or athletic events as provided for by this subsection."

Section 24. Although this bill would have as its purpose or effect the requirement of a new or increased expenditure of local funds, the bill is excluded from further requirements and application under Amendment 621, now appearing as Section 111.05 of the Official Recompilation of the Constitution of Alabama of 1901, as amended, because the bill defines a new crime or amends the definition of an existing crime.

Section 25. This act shall become effective on the first day of the third month following its passage and approval by the Governor, or its otherwise becoming law.