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HOUSE BILL NO. 2171

Offered January 13, 2025

Prefiled January 7, 2025

A BILL to amend and reenact §§ 58.1-4100 and 58.1-4102 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 41 of Title 58.1 an article numbered 12, consisting of sections numbered 58.1-4142 through 58.1-4151, relating to Virginia Lottery; casinos; Internet gaming authorized; penalties.

Patron—Simon

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-4100 and 58.1-4102 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 41 of Title 58.1 an article numbered 12, consisting of sections numbered 58.1-4142 through 58.1-4151, as follows:

§ 58.1-4100. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Adjusted gross Internet gaming revenue" means the amount of money paid as Internet wagers minus (i) all winnings and the cash value of merchandise paid out as winnings to bettors and (ii) uncollectible gaming receivables, which shall not exceed two percent, or a different percentage as determined by the Board, of gross revenue minus all cash paid out as winnings to bettors.

"Adjusted gross receipts" means the gross receipts from casino gaming less winnings paid to winners.

"Board" means the Virginia Lottery Board established in the Virginia Lottery Law (§ 58.1-4000 et seq.).

"Casino gaming" or "game" means baccarat, blackjack, twenty-one, poker, craps, dice, slot machines, roulette wheels, Klondike tables, Mah Jongg, electronic table games, hybrid table games, punchboards, faro layouts, numbers tickets, push cards, jar tickets, or pull tabs, or any variation of the aforementioned games, and any other activity that is authorized by the Board as a wagering game or device under this chapter. "Casino gaming" or "game" includes on-premises mobile casino gaming.

"Casino gaming establishment" means the premises, including the entire property located at the address of the licensed casino, upon which lawful casino gaming is authorized and licensed as provided in this chapter. "Casino gaming establishment" does not include a riverboat or similar vessel.

"Casino gaming operator" means any person issued a license by the Board to operate a casino gaming establishment.

"Cheat" means to alter the selection criteria that determine the result of a game or the amount or frequency of payment in a game for the purpose of obtaining an advantage for one or more participants in a game over other participants in a game.

"Counter check" means an interest-free negotiable instrument for a specified amount executed by a player and held by the casino that serves as evidence of the casino gaming patron's obligation to pay the casino and that can be exchanged by the casino gaming patron for the specified amount in chips, tokens, credits, electronic credits, electronic cash, or electronic cards.

"Department" means the independent agency responsible for the administration of the Virginia Lottery created in the Virginia Lottery Law (§ 58.1-4000 et seq.).

"Director" means the Director of the Virginia Lottery.

"Eligible host city" means any city described in § 58.1-4107 in which a casino gaming establishment is authorized to be located.

"Entity" means a person that is not a natural person.

"Gaming operation" means the conduct of authorized casino gaming within a casino gaming establishment.

"Gross receipts" means the total amount of money exchanged for the purchase of chips, tokens, electronic credits, electronic cash, or electronic cards by casino gaming patrons. "Gross receipts" shall not include the cash value of promotions or credits provided to and exchanged by casino gaming patrons for chips, tokens, electronic credits, electronic cash, or electronic cards. "Gross receipts" shall also not include uncollectable counter checks.

"Immediate family" means (i) a spouse and (ii) any other person residing in the same household as an officer or employee and who is a dependent of the officer or employee or of whom the officer or employee is a dependent.

"Individual" means a natural person.

"Internet game" means a game that is offered for play through the Internet in which an individual wagers

59 *money or something of monetary value for the opportunity to win money or something of monetary value.*

60 *"Internet gaming" means operating, conducting, or offering for play an Internet game.*

61 *"Internet gaming account" means an electronic ledger in which all of the following types of transactions*
62 *relative to an authorized account holder are recorded: (i) deposits and credits; (ii) withdrawals; (iii) Internet*
63 *wagers; (iv) monetary value of winnings; (v) service or other transaction-related charges authorized by the*
64 *account holder, if any; and (vi) adjustments to the account.*

65 *"Internet gaming operator" means a person that is issued an Internet gaming operator license by the*
66 *Board pursuant to § 58.1-4143.*

67 *"Internet gaming operator license" means a license issued by the Board to a person to operate, conduct,*
68 *or offer Internet gaming.*

69 *"Internet gaming platform" means an integrated system of hardware, software, applications, including*
70 *mobile applications, and servers through which an Internet gaming operator operates, conducts, or offers*
71 *Internet gaming.*

72 *"Internet gaming platform provider license" means a license issued by the Board to a person for the*
73 *purpose of providing an Internet gaming platform to an Internet gaming operator.*

74 *"Internet gaming supplier" means an entity that provides services, goods, software, or other components*
75 *necessary for the offering of Internet games and determination of Internet gaming outcomes to any Internet*
76 *gaming operator or Internet gaming platform provider, including customer identity services, age verification*
77 *services, geolocation services, payment processing and similar financial services, live Internet game studios,*
78 *and any other providers of Internet gaming services authorized by the Commission. "Internet gaming*
79 *supplier" does not include telecommunications providers, Internet service providers, or any other goods or*
80 *services not specifically designed for, or designed for use in connection with, Internet gaming.*

81 *"Internet gaming supplier license" means a license issued by the Board to a person to act as an Internet*
82 *gaming supplier.*

83 *"Internet wager" means money or something of monetary value risked on an Internet game.*

84 *"Internet wagering" means risking money or something of monetary value for the opportunity to win*
85 *money or something of monetary value on an Internet game.*

86 *"Licensee" or "license holder" means any person holding an operator's license under § 58.1-4111.*

87 *"Live dealer Internet game" means an Internet game conducted by a gaming attendant or gaming*
88 *equipment, or both, in a live Internet game studio in which video is streamed on an Internet gaming platform*
89 *and patrons have the ability to communicate game decisions through the Internet gaming platform and may*
90 *be permitted to interact with game attendants and fellow patrons.*

91 *"Live Internet game simulcast" means an Internet live feed of an Internet game that is conducted in a live*
92 *Internet game studio and in which participants have the ability to wager in real-time.*

93 *"Live Internet game studio" means a physical location that utilizes live video and audio streaming*
94 *technology to provide an Internet gaming licensee with a live Internet game simulcast.*

95 *"Mobile application" means an application on a mobile phone or other electronic device through which*
96 *an individual is able to place an Internet wager.*

97 *"On-premises mobile casino gaming" means casino gaming offered by a casino gaming operator at a*
98 *casino gaming establishment using a computer network of both federal and nonfederal interoperable packet-*
99 *switched data networks through which the casino gaming operator may offer casino gaming to individuals*
100 *who have established an on-premises mobile casino gaming account with the casino gaming operator and*
101 *who are physically present on the premises of the casino gaming establishment, as authorized by regulations*
102 *promulgated by the Board.*

103 *"Permit holder" means any person holding a supplier or service permit pursuant to this chapter.*

104 *"Person" means an individual, partnership, joint venture, association, limited liability company, stock*
105 *corporation, or nonstock corporation and includes any person that directly or indirectly controls or is under*
106 *common control with another person.*

107 *"Preferred casino gaming operator" means the proposed casino gaming establishment and operator thereof*
108 *submitted by an eligible host city to the Board as an applicant for licensure.*

109 *"Prepaid access instrument" means a system device that allows a casino gaming patron access to funds*
110 *that have been paid in advance and can be retrieved or transferred at some point in the future through such a*
111 *device. In order to transfer funds for gaming purposes, a prepaid access instrument shall be redeemed for*
112 *tokens, chips, credits, electronic credits, electronic cash, electronic cards, or used in conjunction with an*
113 *approved cashless wagering system or interactive gaming account.*

114 *"Principal" means any individual who solely or together with his immediate family members (i) owns or*
115 *controls, directly or indirectly, five percent or more of the pecuniary interest in any entity that is a licensee or*
116 *(ii) has the power to vote or cause the vote of five percent or more of the voting securities or other ownership*
117 *interests of such entity, and any person who manages a gaming operation on behalf of a licensee.*

118 *"Professional sports" means the same as such term is defined in § 58.1-4030.*

119 *"Qualified gaming entity" means an entity that offers Internet gaming as an operator, platform provider,*

120 or similar, pursuant to a valid license in three or more jurisdictions in the United States.

121 "Security" has the same meaning as provided in § 13.1-501. If the Board finds that any obligation, stock,
122 or other equity interest creates control of or voice in the management operations of an entity in the manner of
123 a security, then such interest shall be considered a security.

124 "Sports betting" means the same as such term is defined in § 58.1-4030.

125 "Sports betting facility" means an area, kiosk, or device located inside a casino gaming establishment
126 licensed pursuant to this chapter that is designated for sports betting.

127 "Supplier" means any person that sells or leases, or contracts to sell or lease, any casino gaming
128 equipment, devices, or supplies, or provides any management services, to a licensee.

129 "Voluntary exclusion program" means a program established by the Board pursuant to § 58.1-4103 that
130 allows individuals to voluntarily exclude themselves from engaging in the activities described in subdivision
131 B 1 of § 58.1-4103 by placing their names on a voluntary exclusion list and following the procedures set forth
132 by the Board.

133 "Youth sports" means the same as such term is defined in § 58.1-4030.

134 **§ 58.1-4102. Powers and duties of the Board; regulations.**

135 The Board shall have the power and duty to:

136 1. Issue permits and licenses under this chapter and supervise all gaming operations licensed under the
137 provisions of this chapter, including all persons conducting or participating in any gaming operation. The
138 Board shall employ such persons to be present during gaming operations as are necessary to ensure that such
139 gaming operations are conducted with order and the highest degree of integrity.

140 2. Adopt regulations regarding the conditions under which casino gaming shall be conducted in the
141 Commonwealth and all such other regulations it deems necessary and appropriate to further the purposes of
142 this chapter.

143 3. *Adopt regulations regarding the conditions under which Internet gaming shall be conducted in the*
144 *Commonwealth, and enter into multijurisdictional agreements as necessary pursuant to the provisions of*
145 *Article 12 (§ 58.1-4142). Such regulations shall be consistent, to the extent practicable, with the Board's*
146 *regulations governing sports betting.*

147 4. Issue an operator's license only to a person who meets the criteria of § 58.1-4107.

148 4. 5. Issue subpoenas for the attendance of witnesses before the Board, administer oaths, and compel
149 production of records or other documents and testimony of such witnesses whenever in the judgment of the
150 Board it is necessary to do so for the effectual discharge of its duties.

151 ~~5.~~ 6. Order such audits as it deems necessary and desirable.

152 ~~6.~~ 7. Provide for the withholding of the applicable amount of state and federal income tax of persons
153 claiming a prize or payoff for winning a game and establish the thresholds for such withholdings.

154 *Article 12.*

155 *Internet Gaming.*

156 **§ 58.1-4142. Authorized Internet gaming.**

157 *Internet gaming is prohibited except when offered by an Internet gaming operator licensed pursuant to*
158 *the provisions of this article. Any authorized Internet gaming shall comply with the provisions of this article*
159 *and any regulations promulgated by the Board related to Internet gaming.*

160 *An Internet gaming operator or Internet gaming platform provider shall be permitted to offer live Internet*
161 *game simulcasts from any live Internet game studio premises in any location. Live Internet game studios shall*
162 *not be required to be located in the Commonwealth, and no reciprocal agreement shall be required for the*
163 *offering of live Internet game simulcasts.*

164 **§ 58.1-4143. Internet gaming; license required; fee; multijurisdictional contracts permitted.**

165 A. *The Board may issue an Internet gaming operator license to a casino gaming operator that submits an*
166 *application on forms approved by the Board, meets the qualifications set by the Board in regulations, and*
167 *pays an application fee of \$1 million.*

168 B. *An Internet gaming operator license issued pursuant to this section shall be valid for a period of five*
169 *years from the date of issuance.*

170 C. *An Internet gaming operator may offer up to three Internet gaming platforms, either directly or*
171 *through a licensed Internet gaming platform provider. An Internet gaming operator may contract with up to*
172 *three Internet gaming platform providers to operate the Internet gaming platforms on its behalf. Each*
173 *Internet gaming platform shall be offered under a single distinct brand, except that each Internet gaming*
174 *platform may use a second distinct brand to offer poker. The Internet gaming platforms shall not be required*
175 *to be branded or co-branded with the brand of the Internet gaming operator or its casino gaming operator.*
176 *The provisions of this subsection shall not prohibit a holder of an Internet gaming operator license from*
177 *using fewer than three Internet gaming platforms or from using a single brand to offer both Internet poker*
178 *and other Internet games on an Internet gaming platform.*

179 D. *All applicants for an Internet gaming operator license that submit an application within 30 days of the*
180 *date on which the Department first begins to accept applications for an Internet gaming operator license*

181 shall be given an equal opportunity to commence offering, conducting, or operating Internet gaming in the
182 Commonwealth on the same day.

183 E. The Board may issue an Internet gaming platform provider license to a platform provider that submits
184 an application on forms approved by the Board, meets the qualifications set by the Board in regulations, and
185 pays an application fee of \$50,000. The Board may use information obtained from the applicant pursuant to
186 its license for online sports betting in the Commonwealth, or information furnished by the applicant to other
187 jurisdictions in which the applicant is authorized to conduct Internet gaming.

188 F. A qualified gaming entity may submit to the Board a request for a temporary Internet gaming platform
189 provider license. Such request shall include a licensing fee of \$10,000 payable to the Board. Upon receiving
190 a request for a temporary license, the Director shall review the request. If the Director determines that the
191 entity requesting the temporary license is a qualified gaming entity and has paid the temporary licensing fee,
192 the commission shall authorize the qualified gaming entity to conduct Internet gaming for a period of one
193 year under a temporary license or until a final determination on its Internet gaming platform provider license
194 application is made, whichever is later.

195 G. An Internet gaming platform provider license issued pursuant to this section shall be valid for a period
196 of five years from the date of issuance.

197 H. All applicants for an Internet gaming platform provider license that submit an application within 30
198 days of the date on which the Department first begins to accept applications for an Internet gaming platform
199 provider license shall be given an equal opportunity to commence offering, conducting, or operating Internet
200 gaming in the Commonwealth on the same day, provided the Internet gaming operator with whom the
201 applicant has contracted has submitted a complete application.

202 I. The Board may enter into agreements with other jurisdictions to facilitate, administer, and regulate
203 multijurisdictional Internet gaming by Internet gaming operators to the extent that entering into the
204 agreement is consistent with state and federal laws and if the Internet gaming conducted under such
205 agreement is conducted only in the United States.

206 **§ 58.1-4144. Age and identity requirements; verification; geolocation.**

207 A. An Internet gaming operator shall provide, or shall require its Internet gaming platform provider to
208 provide, one or more mechanisms on the Internet gaming platform that the Internet gaming operator uses
209 that are designed to reasonably verify that an individual is 21 years of age or older and that Internet
210 wagering is limited to transactions that are initiated and received or otherwise made by an authorized
211 participant located in the Commonwealth or, if the Board authorizes multijurisdictional Internet gaming,
212 another jurisdiction in the United States authorized by such multijurisdictional agreement.

213 B. An individual who wishes to place an Internet wager pursuant to the provisions of this article shall
214 satisfy the verification requirements pursuant to subsection A before such individual may establish an
215 Internet wagering account or make an Internet wager on an Internet game offered by the Internet gaming
216 operator.

217 C. An Internet gaming operator shall include, or shall require its Internet gaming platform provider to
218 include, mechanisms on its Internet gaming platform that are designed to detect and prevent the unauthorized
219 use of Internet wagering accounts and to detect and prevent fraud, money laundering, and collusion.

220 D. Internet gaming operators and Internet gaming platform providers may permit patrons to make
221 deposits and withdrawals from an Internet gaming account using the following methods:

- 222 1. Online and mobile payment systems that support online money transfers;
- 223 2. Credit card and debit card;
- 224 3. Prepaid access instrument; and
- 225 4. Any other form approved by the Board.

226 E. A patron shall be permitted to use the same account to participate in Internet gaming and sports
227 betting pursuant to Article 2 (§ 58.1-4030 et seq.) of Chapter 40 with an operator or platform provider
228 licensed to conduct both Internet gaming and sports betting.

229 F. An Internet gaming operator, or its Internet gaming platform provider, shall not knowingly authorize
230 any of the following individuals to establish an Internet wagering account or knowingly allow them to wager
231 on Internet games offered by the Internet gaming operator:

- 232 1. An individual who is younger than 21 years of age; or
- 233 2. An individual who participates in the voluntary exclusion program.

234 G. An Internet gaming operator shall display, or shall require its Internet gaming platform provider to
235 display, in a clear, conspicuous, and accessible manner, evidence of the Internet gaming operator's Internet
236 gaming license issued pursuant to this article.

237 **§ 58.1-4145. Consumer protections; problem gambling.**

238 A. In order to assist those persons who may have a gambling problem, an Internet gaming operator shall:

- 239 1. Cause the words "If you or someone you know has a gambling problem and wants help, call 1-800
240 -GAMBLER," or some comparable language approved by the Department, which language shall include the
241 words "gambling problem" and "call 1-800-GAMBLER," to be displayed prominently to any person visiting

242 or logged onto an Internet gaming platform; and

243 2. Provide a mechanism by which an account holder may establish the following controls on Internet
244 wagering through the Internet gaming account:

245 a. A limit on the amount of money deposited within a specified period of time and the length of time the
246 account holder will be unable to participate in Internet gaming if the account holder reaches the established
247 deposit limit; and

248 b. A temporary suspension of Internet gaming through the account holder's Internet gaming account for a
249 specified number of hours or days.

250 B. The Internet gaming operator shall not send Internet gaming-related electronic mail to an account
251 holder while his Internet gaming account is suspended if the suspension is for at least 72 hours. The Internet
252 gaming operator shall provide a mechanism by which an account holder may change these controls, except
253 that the account holder may not change gaming controls until the suspension expires. The account holder
254 shall be permitted to withdraw funds from such account upon proper application therefor.

255 C. A person shall not provide or make available computers or other Internet access devices in a place of
256 public accommodation in the Commonwealth, including a club or other association, to enable individuals to
257 place Internet wagers or play an Internet game. The prohibition under this subsection does not apply to an
258 Internet gaming operator aggregating, providing, or making available computers or other Internet access
259 devices at its own casino gaming establishment.

260 **§ 58.1-4146. Disposition of inactive, dormant Internet gaming accounts.**

261 All amounts remaining in Internet gaming accounts inactive or dormant for such period and under such
262 conditions as established by regulation by the Board shall be closed. Any funds remaining in the account at
263 such time shall be paid 50 percent to the Internet gaming operator and 50 percent to the general fund. Before
264 closing an Internet gaming account pursuant to this section, the Internet gaming operator shall attempt to
265 contact the account holder by mail, phone, and electronic mail.

266 **§ 58.1-4147. Operating, conducting, or offering Internet gaming without a license; penalties.**

267 Any person who operates, conducts, or offers Internet gaming without a license is guilty of a Class 6
268 felony and subject to a fine of not more than \$25,000 and, in the case of a person other than a natural person,
269 to a fine of not more than \$1,000,000.

270 **§ 58.1-4148. Tampering with equipment; penalties.**

271 A. Any person who knowingly tampers with software, computers, or other equipment used to operate,
272 conduct, or offer Internet gaming to alter the odds or the payout of a game or disables the game from
273 operating according to the rules of the game as promulgated by the Board is guilty of a Class 5 felony and
274 subject to a fine of not more than \$50,000 and, in the case of a person other than a natural person, to a fine
275 of not more than \$200,000.

276 B. In addition to the penalties provided in subsection A, an employee of a casino gaming operator who
277 violates this section shall have his permit revoked and shall be subject to such further penalty as the
278 Department deems appropriate.

279 C. In addition to the penalties provided in subsection A, a casino gaming operator that violates this
280 section shall have its license to conduct casino gaming suspended for a period determined by the Department
281 and shall be subject to such further penalty as the Department deems appropriate.

282 **§ 58.1-4149. Tampering affecting odds, payout; penalties.**

283 A. Any person who knowingly operates, conducts, or offers or allows to be operated, conducted, or
284 offered any Internet game that has been tampered with in a way that affects the odds or the payout of a game
285 or disables the game from operating according to the rules of the game is guilty of a Class 5 felony and
286 subject to a fine of not more than \$50,000 and, in the case of a person other than a natural person, to a fine
287 of not more than \$200,000.

288 B. In addition to the penalties provided in subsection A, an employee of a casino gaming operator who
289 violates this section shall have his permit suspended for a period of not less than 30 days.

290 C. In addition to the penalties provided in subsection A, a casino gaming operator who violates this
291 section shall have its license to conduct casino gaming suspended for a period of not less than 30 days.

292 **§ 58.1-4150. Tax on adjusted gross Internet gaming revenue.**

293 A. There shall be imposed a tax of 15 percent on an Internet gaming operator's adjusted gross Internet
294 gaming revenue.

295 B. The tax imposed pursuant to this section is due monthly to the Department, and the operator shall remit
296 it on or before the twentieth day of the next succeeding calendar month. If the operator's accounting
297 necessitates corrections to a previously remitted tax, the operator shall document such corrections when it
298 pays the following month's taxes.

299 C. If the operator's adjusted gross revenue for a month is a negative number, the operator may carry over
300 the negative amount to a return filed for a subsequent month and deduct such amount from its tax liability for
301 such month, provided that such amount shall not be carried over and deducted against tax liability in any
302 month that is more than 12 months later than the month in which such amount was accrued.

303 D. With the exception of licensing fees, the tax imposed pursuant to this section shall be in lieu of all other

304 *taxes and fees imposed on the operation of Internet gaming or on the proceeds from the operation of Internet*
305 *gaming in the Commonwealth.*

306 **§ 58.1-4151. Distribution of tax revenue.**

307 *A. The Department shall allocate 2.5 percent of the tax revenue collected pursuant to § 58.1-4150 to the*
308 *Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.2.*

309 *B. The Department shall allocate the remaining 97.5 percent of the tax revenue collected pursuant to §*
310 *58.1-4150 to the general fund.*

311 **2. That, by September 30, 2025, the Virginia Lottery Board (the Board) shall promulgate regulations**
312 **necessary to implement the provisions of this act. The Board's initial adoption of such regulations shall**
313 **be exempt from the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia), except that**
314 **the Board shall provide an opportunity for public comment on the regulations prior to adoption. The**
315 **Board shall certify in writing to the Virginia Code Commission the date of final adoption of such**
316 **regulations.**

317 **3. That the Director of the Virginia Lottery is authorized to begin accepting applications for licensure**
318 **in accordance with the provisions of Article 12 (§ 58.1-4142 et seq.) of Chapter 41 of Title 58.1 of the**
319 **Code of Virginia, as created by this act, on July 1, 2025.**

320 **4. That the provisions of this act may result in a net increase in periods of imprisonment or**
321 **commitment. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the necessary**
322 **appropriation cannot be determined for periods of imprisonment in state adult correctional facilities;**
323 **therefore, Chapter 2 of the Acts of Assembly of 2024, Special Session I, requires the Virginia Criminal**
324 **Sentencing Commission to assign a minimum fiscal impact of \$50,000. Pursuant to § 30-19.1:4 of the**
325 **Code of Virginia, the estimated amount of the necessary appropriation cannot be determined for**
326 **periods of commitment to the custody of the Department of Juvenile Justice.**