

SENATE BILL NO. 118

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology

on _____)

(Patron Prior to Substitute—Senator Locke)

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 58.1-4157, relating to Virginia Lottery; casinos; internet gaming authorized; penalties.

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 58.1-4157, 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; (ii) the value of bonuses or promotions placed as internet wagers, provided that the amount of bonuses and promotions deducted does not exceed 25 percent of the amount of money paid as internet wagers; and (iii) 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.

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

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

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

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

43 "Director" means the Director of the Virginia Lottery.

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

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

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

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

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

57 "Individual" means a natural person.

58 "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

relative to an authorized account holder are recorded: (i) deposits and credits; (ii) withdrawals; (iii) internet wagers; (iv) monetary value of winnings; (v) service or other transaction-related charges authorized by the account holder, if any; and (vi) adjustments to the account.

"Internet gaming operator" means a person that is issued an internet gaming operator license by the Board pursuant to § 58.1-4144.

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

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

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

"Internet gaming supplier" means an entity that provides ancillary services, goods, software, or other components necessary for the offering of internet games and the determination of internet gaming outcomes to any internet gaming operator or internet gaming platform provider, including customer identity services, age verification services, geolocation services, payment processing and similar financial services, live internet game studios, and any other providers of internet gaming services authorized by the Commission.

"Internet gaming supplier" does not include telecommunications providers, internet service providers, or any other goods or services not specifically designed for, or designed for use in connection with, internet gaming.

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

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

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

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

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

"Live internet game simulcast" means an internet live feed of a live dealer internet game that is conducted in a live 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 *"Promotional free play spend" means the value of the play of a casino game or internet game that does*
120 *not require the player to provide anything of value in return for that specific instance of play.*

121 *"Qualified internet gaming entity" means an entity that offers internet gaming as an operator, platform*
122 *provider, or similar, pursuant to a valid license in two or more jurisdictions in the United States.*

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

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

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

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

"Sweepstakes" means a promotional, advertising, or marketing event, contest, or game, whether played online or in person, in which a prize or prize equivalent is awarded, either directly or indirectly through means such as a dual currency system of payment, as determined by the Board, that allows a participant to exchange the currency for a prize or prize equivalent.

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

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

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

The Board shall have the power and duty to:

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

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

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

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

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

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

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

8. Investigate and take enforcement action, including issuing cease and desist orders and obtaining injunctive relief, against a person that offers internet gaming, sports betting, or sweepstakes games in the Commonwealth without an appropriate license issued by the Board.

Article 12.

Internet Gaming.

§ 58.1-4142. Authorized internet gaming.

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

An internet gaming operator or internet gaming platform provider shall be permitted to offer live internet game simulcasts from any live internet game studio premises located within the Commonwealth. The Board shall require all live internet game studios to be licensed as an internet gaming supplier.

§ 58.1-4143. Notice of intent; platform fee; renewal.

Any casino gaming operator that intends to conduct internet gaming shall submit a separate notice of intent to the Director, on a form approved by the Director, for each internet gaming platform that it intends to offer; however, no casino gaming operator may offer more than three internet gaming platforms. Each notice of intent shall be accompanied by a \$2 million platform fee, which shall enable the casino gaming operator to operate one internet gaming platform for the term of the casino gaming operator's internet gaming operator license. If the remaining time on the casino gaming operator's internet gaming operator's license is less than the full five-year term at the time the notice of intent is submitted, the platform fee shall be prorated accordingly. The internet gaming operator shall pay a platform renewal fee concurrently with its casino gaming license renewal of \$1 million per internet gaming platform. All fees paid pursuant to this section shall be deposited into the Internet Gaming Platform Fee Holding Fund, established pursuant to § 58.1-4156.

§ 58.1-4144. Internet gaming operator license; fees.

A. The Board may issue an internet gaming operator license to a casino gaming operator as an amendment to a casino gaming operator's license issued pursuant to § 58.1-4108. The Board may issue an internet gaming operator license to a casino gaming operator that submits an application on forms approved by the Board, meets the qualifications set herein and by the Board in regulations, and pays an initial licensing fee of \$500,000.

B. All applicants for an internet gaming operator license that submit an application within 30 days of the date on which the Department first begins to accept applications for an internet gaming operator license shall be given an equal opportunity to commence offering, conducting, or operating internet gaming in the Commonwealth upon confirmation by the Board that the applicant's application is complete on the same day. An internet gaming operator's application for an internet gaming operator license shall be deemed complete when:

1. The casino gaming operator has submitted an application on the form provided by the Board and remitted the required application fee; and

2. The casino gaming operator has submitted a plan for the mitigation of job loss in the gaming industry, as required by subsection E of § 58.1-4143.

C. An internet gaming operator license issued pursuant to this section shall be valid for a period of five years from the date of issuance or for the remaining duration of the casino gaming operator's license issued pursuant to § 58.1-4108, whichever is shorter. The fee for renewal of an internet gaming operator license shall be \$250,000.

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

E. As a requirement to be considered for an internet gaming operator license, and as an ongoing requirement of licensure, a casino gaming operator shall maintain a plan for the mitigation of job loss in the

215 gaming industry, describing its plan to reduce the impact of internet gaming on jobs in its casino gaming
216 establishment. The plan shall include, at a minimum, (i) an estimate of the impact of internet gaming on jobs
217 at the casino gaming establishment, if any; (ii) any plan to retrain impacted employees for jobs associated
218 with internet gaming; and (iii) any other plan to mitigate any negative impact of internet gaming on jobs at
219 the casino gaming establishment. The Director shall make the mitigation plan publicly available during the
220 pendency of the casino gaming operator's application for an internet gaming operator's license and
221 throughout the term of the internet gaming operator license, including through publication on the
222 Department's website.

223 F. As a condition of an internet gaming operator license and an internet gaming platform provider
224 license, each internet gaming operator and internet gaming platform provider shall commit that a minimum
225 of 25 percent of total annual promotional free play spend offered through the internet gaming platform
226 associated with the internet gaming platform provider license shall be promotional free play spend
227 redeemable only through in-person, on-premises play on casino gaming at the casino gaming establishment
228 associated with the internet gaming platform provider license.

229 Each licensee subject to this subsection shall maintain adequate records documenting promotional free
230 play spend offered (i) through the internet gaming platform and (ii) at the casino gaming establishment
231 associated with the internet gaming platform provider license.

232 The Board shall promulgate regulations describing the method that shall be used for determining the
233 value of promotional free play spend for purposes of this subsection.

234 **§ 58.1-4145. Temporary internet gaming platform authorization.**

235 A. A qualified internet gaming entity may submit to the Board a request for a temporary internet gaming
236 platform provider license. Such request shall include a supplemental platform fee of \$10,000 payable to the
237 Board. Upon receiving a request for a temporary license, the Director shall review the request. If the
238 Director determines that the entity requesting the temporary license is a qualified internet gaming entity and
239 has paid the temporary licensing fee, the Board shall authorize the qualified internet gaming entity to
240 conduct internet gaming for a period of one year under a temporary license or until a final determination on
241 its internet gaming platform provider license application is made, whichever is later.

242 B. The Board may use information obtained from the applicant pursuant to its license for online sports
243 betting in the Commonwealth, or information furnished by the applicant to other jurisdictions in which the
244 applicant is authorized to conduct internet gaming.

245 C. All applicants for an internet gaming platform provider license that submit an application within 30

days of the date on which the Department first begins to accept applications for an internet gaming platform provider license shall be given an equal opportunity to commence offering, conducting, or operating internet gaming in the Commonwealth on the same day, provided the internet gaming operator with whom the applicant has contracted has submitted a complete application.

§ 58.1-4146. Multijurisdictional contracts permitted.

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

§ 58.1-4147. Age and identity requirements; verification; geolocation.

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

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

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

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

1. Online and mobile payment systems that support online money transfers;
2. Debit card;
3. Prepaid access instrument; and
4. Any other form approved by the Board.

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

277 licensed to conduct both internet gaming and sports betting.

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

281 1. An individual who is younger than 21 years of age; or

282 2. An individual who participates in the voluntary exclusion program.

283 G. An internet gaming operator shall display, or shall require its internet gaming platform provider to
284 display, in a clear, conspicuous, and accessible manner, evidence of the internet gaming operator's internet
285 gaming license issued pursuant to this article.

286 **§ 58.1-4148. Consumer protections; problem gambling.**

287 A. In order to encourage responsible play, an internet gaming operator shall:

288 1. Conspicuously display on each applicable internet website or mobile application a means to initiate a
289 break in play, such as a periodic pop-up message indicating the amount of time an individual has spent on
290 the internet gaming operator's website or mobile application; and

291 2. Provide access to an account statement which shall include detailed account activity for at least 12
292 prior months, including at a minimum information relating to deposits, withdrawals, and win and loss
293 statistics.

294 B. In order to assist those persons who may have a gambling problem, an internet gaming operator shall:

295 1. Cause the words "If you or someone you know has a gambling problem and wants help, call 1-800-
296 GAMBLER," or some comparable language approved by the Department, which language shall include the
297 words "gambling problem" and "call 1-800-GAMBLER," or other helpline phone number or contact
298 information approved by the Department, to be displayed prominently to any person visiting or logged onto
299 an internet gaming platform; and

300 2. Provide a mechanism by which an account holder may establish the following controls on internet
301 wagering through the internet gaming account:

302 a. A limit on the amount of money deposited within a specified period of time and the length of time the
303 account holder will be unable to participate in internet gaming if the account holder reaches the established
304 deposit limit; and

305 b. A temporary suspension of internet gaming through the account holder's internet gaming account for a
306 specified number of hours or days.

307 C. The internet gaming operator shall not send internet gaming-related electronic mail to an account

holder while his internet gaming account is suspended if the suspension is for at least 72 hours. The internet gaming operator shall provide a mechanism by which an account holder may change these controls, except that the account holder may not change gaming controls until the suspension expires. The account holder shall be permitted to withdraw funds from such account upon proper application therefor.

D. Prior to the commencement of internet gaming, an internet gaming operator shall submit proposed internal controls for internet gaming operations to the Board for approval, as required by the Board pursuant to regulations.

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

§ 58.1-4149. Disposition of inactive, dormant internet gaming accounts.

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

§ 58.1-4150. Operating, conducting, or offering internet gaming without a license; penalties.

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

§ 58.1-4151. Tampering with equipment; penalties.

A. Any person who knowingly tampers with software, computers, or other equipment used to operate, conduct, or offer internet gaming to alter the odds or the payout of a game or disables the game from operating according to the rules of the game as promulgated by the Board is guilty of a Class 5 felony and 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 of not more than \$200,000.

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

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

342 **§ 58.1-4152. Tampering affecting odds, payout; penalties.**

343 A. Any person who knowingly operates, conducts, or offers or allows to be operated, conducted, or
344 offered any internet game that has been tampered with in a way that affects the odds or the payout of a game
345 or disables the game from operating according to the rules of the game is guilty of a Class 5 felony and
346 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
347 of not more than \$200,000.

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

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

352 **§ 58.1-4153. Tax on adjusted gross internet gaming revenue.**

353 A. There shall be imposed a tax of 15 percent on an internet gaming operator's adjusted gross internet
354 gaming revenue.

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

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

363 D. With the exception of licensing fees, the tax imposed pursuant to this section shall be in lieu of all other
364 taxes and fees imposed on the operation of internet gaming or on the proceeds from the operation of internet
365 gaming in the Commonwealth.

366 **§ 58.1-4154. Distribution of tax revenue.**

367 A. The Department shall allocate five percent of the tax revenue collected pursuant to § 58.1-4153 to the
368 Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.2.

369 B. Until January 1, 2030, the Department shall allocate six percent of the tax revenue collected pursuant

to § 58.1-4153 to the Internet Gaming Hold Harmless Fund established pursuant to § 58.1-4157 and 89 percent of the tax revenue collected pursuant to § 58.1-4153 to the general fund.

C. Beginning January 1, 2030, the Department shall allocate 95 percent of the tax revenue collected pursuant to § 58.1-4153 to the general fund.

§ 58.1-4155. Unlicensed sweepstakes games prohibited; civil penalties.

A. Except if conducted by a licensed internet gaming operator, offering or conducting a sweepstakes in which a person present in the Commonwealth may participate by paying or proffering something of value, including an entry fee for the opportunity to win or receive cash or a cash equivalent, shall constitute illegal internet gaming in violation of this section, and shall subject the operator or sponsor, or any officer, employee, or agent of the operator or sponsor, to civil liability under this section.

B. Any person who violates this section shall, in addition to any other sanctions authorized by law, be liable for a civil penalty of not more than \$100,000 for the first offense and not more than \$250,000 for the second and each subsequent offense. Each day that such violation continues shall be deemed a separate offense.

C. The Board, the Office of the Attorney General, and the Department of State Police may conduct investigations into violations of this section. The Board and the Office of the Attorney General shall have the authority to enforce the provisions of this section, including conducting hearings, issuing cease and desist letters, and issuing subpoenas to ensure compliance with the provisions of this section.

§ 58.1-4156. Internet Gaming Platform Fee Holding Fund.

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Internet Gaming Platform Fee Holding Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Except as provided in subsection B, any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purpose of funding start-up costs and other costs associated with the implementation and creation of a gaming commission or other such combined gaming agency. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director.

B. Upon the successful creation of a gaming commission or other such combined gaming agency as noted

401 by the appointment of a governing board and an agency director, and upon the authorization of the Director,
402 all funds appropriated shall be remitted by the end of each calendar quarter to such gaming commission on
403 whose behalf the funds were secured for the purpose of funding start-up costs and other costs associated with
404 implementation and creation of such agency; however, the Director may recover reasonable costs associated
405 with the administration of the Fund.

406 **§ 58.1-4157. Internet Gaming Hold Harmless Fund.**

407 A. There is hereby created in the state treasury a special nonreverting fund to be known as the Internet
408 Gaming Hold Harmless Fund, referred to in this section as "the Fund." The Fund shall be established on the
409 books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests,
410 and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest
411 earned on moneys in the Fund shall remain in the Fund and be credited to it. Except as provided in
412 subsection D, any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year
413 shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for
414 the purposes of offsetting any loss of revenue experienced by casino gaming operators that is attributed to
415 internet gaming. Expenditures and disbursements from the Fund shall be made by the State Treasurer on
416 warrants issued by the Comptroller upon written request signed by the Director.

417 B. The Department shall promulgate regulations establishing an annual schedule for the acceptance of
418 applications from casino gaming operators that are able to demonstrate, to the satisfaction of the
419 Department, that they experienced a loss of revenue attributable to internet gaming. The Department shall
420 determine the form and manner in which applications shall be made, the criteria for verifying the amount of
421 each applicant's revenue loss, and the date on which distributions from the Fund are to be made.

422 C. If, on the annual date of distribution from the Fund, moneys in the Fund are insufficient to cover all
423 verified losses, the Department shall direct the State Treasurer to reduce the amount of all claims by a
424 uniform percentage so that applicants receive a share of the funds proportionate to their verified losses.

425 D. Beginning on January 1, 2030, and on January 1 of each year thereafter, the Comptroller shall
426 transfer any moneys credited to the Fund and not disbursed within two years after the date on which the
427 money was credited to the general fund.

428 **2. That, by September 30, 2026, the Virginia Lottery Board (the Board) shall promulgate regulations**
429 **necessary to implement the provisions of this act. The Board's initial adoption of such regulations shall**
430 **be exempt from the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia), provided**
431 **that, prior to the final adoption of such regulations, the Board publishes in the Virginia Register of**

Regulations and posts on the Virginia Regulatory Town Hall an action that provides (i) a 30-day comment period; (ii) a summary of the proposed regulations, the text of the proposed regulations, and the name, address, email address, and telephone number of the agency contact person responsible for receiving public comments; and (iii) the statutory authority to promulgate the regulations.

3. That the Director of the Virginia Lottery shall begin accepting notices of intent in accordance with § 58.1-4143 of the Code of Virginia, as created by this act, on July 1, 2026.

4. That each internet gaming platform that submits a notice of intent pursuant to § 58.1-4143 of the Code of Virginia, as created by this act, within 60 days of the enactment of this act shall be given an equal opportunity to commence offering, conducting, or operating internet gaming in the Commonwealth on the same day. Any internet gaming platform for which a notice of intent has not been received within 60 days of the enactment date of this act shall be permitted to commence offering, conducting, or operating internet gaming in the Commonwealth no sooner than six months after that date on which internet gaming is initially launched in the Commonwealth.

5. That the provisions of this act may result in a net increase in periods of imprisonment or commitment. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the necessary appropriation cannot be determined for periods of imprisonment in state adult correctional facilities; therefore, Chapter 725 of the Acts of Assembly of 2025 requires the Virginia Criminal Sentencing Commission to assign a minimum fiscal impact of \$50,000. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the necessary appropriation cannot be determined for periods of commitment to the custody of the Department of Juvenile Justice.