

HOUSE BILL NO. 161
 AMENDMENT IN THE NATURE OF A SUBSTITUTE
 (Proposed by the House Committee on Appropriations
 on _____)
 (Patron Prior to Substitute—Delegate Simon)

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 58.1-4159, 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 58.1-4159, 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

31 establishment.

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

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

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

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

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

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

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

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

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

55 "Individual" means a natural person.

56 *"Internet game" means a game that is offered for play through the internet in which an individual wagers
57 money or something of monetary value for the opportunity to win money or something of monetary value.*

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

59 *"Internet gaming account" means an electronic ledger in which all of the following types of transactions
60 relative to an authorized account holder are recorded: (i) deposits and credits; (ii) withdrawals; (iii) internet*

61 wagers; (iv) monetary value of winnings; (v) service or other transaction-related charges authorized by the
62 account holder, if any; and (vi) adjustments to the account.

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

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

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

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

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

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

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

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

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

84 "Labor organization" means a labor organization as defined in 29 U.S.C. § 152(5).

85 "Labor peace agreement" means an agreement with a labor organization that contains, at a minimum,
86 provisions prohibiting the labor organization and its members from engaging in any picketing, work
87 stoppage, boycott, or other economic interference with the casino gaming establishment's operations for the
88 duration of that casino gaming license.

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

90 "Live dealer internet game" means an internet game conducted by a gaming attendant or gaming
91 equipment, or both, in a live internet game studio in which video is streamed on an internet gaming platform

92 *and patrons have the ability to communicate game decisions through the internet gaming platform and may*
93 *be permitted to interact with game attendants and fellow patrons.*

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

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

98 *"Mobile application" means an application on a mobile phone or other electronic device through which*
99 *an individual is able to place an internet wager.*

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

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

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

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

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

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

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

122 *"Qualified entertainment company" means an entity that (i) operates in the Commonwealth; (ii) meets size*
123 *or revenue thresholds, as established by Board regulation; (iii) conducts outreach in historically*
124 *underrepresented communities; and (iv) submits (a) documentation of a diversity, equity, and inclusion plan*
125 *describing their efforts to promote participation by small businesses and disadvantaged enterprises in*
126 *ownership, management, employment, and contracting or (b) (1) a minority investment plan disclosing any*
127 *equity interest owned by a minority individual or minority-owned business or the entity's efforts to seek equity*
128 *investment from minority individuals or minority-owned businesses and (2) a plan for the participation of*
129 *minority individuals or minority-owned businesses in the entity's purchase of goods and services related to*
130 *the internet gaming platform. "Minority individual" and "minority-owned business" mean the same as those*
131 *terms are defined in § 2.2-1604.*

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

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

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

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

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

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

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

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

151 **§ 58.1-4102. Powers and duties of the Board; regulations.**

152 The Board shall have the power and duty to:

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

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

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

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

165 ~~4.~~ 5. Issue subpoenas for the attendance of witnesses before the Board, administer oaths, and compel
166 production of records or other documents and testimony of such witnesses whenever in the judgment of the
167 Board it is necessary to do so for the effectual discharge of its duties.

168 ~~5.~~ 6. Order such audits as it deems necessary and desirable.

169 ~~6.~~ 7. Provide for the withholding of the applicable amount of state and federal income tax of persons
170 claiming a prize or payoff for winning a game and establish the thresholds for such withholdings.

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

174 *Article 12.*

175 *Internet Gaming.*

176 **§ 58.1-4142. Authorized internet gaming.**

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

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

183 **§ 58.1-4143. Notice of intent; platform fee; renewal.**

184 Any casino gaming operator that intends to conduct internet gaming shall submit a separate notice of
185 intent to the Director, on a form approved by the Director, for each internet gaming platform that it intends
186 to offer; however, except as provided in subsection E of § 58.1-4144, no casino gaming operator may offer
187 more than three internet gaming platforms. Each notice of intent shall be accompanied by a \$2 million
188 platform fee, which shall enable the casino gaming operator to operate one internet gaming platform for the
189 term of the casino gaming operator's internet gaming operator license. If the remaining time on the casino
190 gaming operator's internet gaming operator's license is less than the full five-year term at the time the notice
191 of intent is submitted, the platform fee shall be prorated accordingly. The internet gaming operator shall pay
192 a platform renewal fee concurrently with its casino gaming license renewal of \$1 million per internet gaming
193 platform. All fees paid pursuant to this section shall be deposited into the Internet Gaming Platform Fee
194 Holding Fund, established pursuant to § 58.1-4156.

195 **§ 58.1-4144. Internet gaming operator license; fees.**

196 A. The Board may issue an internet gaming operator license to a casino gaming operator licensed to
197 operate a casino gaming establishment in the eligible host cities described in subdivisions A 1 through 4 of
198 § 58.1-4107. Such internet gaming operator license shall be issued as an amendment to a casino gaming
199 operator's license issued pursuant to § 58.1-4108. The Board may issue an internet gaming operator license
200 to a casino gaming operator that submits an application on forms approved by the Board, meets the
201 qualifications set herein and by the Board in regulations, and pays an initial licensing fee of \$500,000.

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

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

210 2. The casino gaming operator has submitted a plan for the mitigation of job loss in the gaming industry,
211 as required by subsection E; and

212 3. The casino gaming operator has submitted the labor peace agreements required under subsection F.

213 C. An internet gaming operator license issued pursuant to this section shall be valid for a period of five
214 years from the date of issuance or for the remaining duration of the casino gaming operator's license issued

215 *pursuant to § 58.1-4108, whichever is shorter. The fee for renewal of an internet gaming operator license*
216 *shall be \$250,000.*

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

226 *E. The Board shall allow an internet gaming operator to offer a fourth internet gaming platform if, and*
227 *only if, such internet gaming platform provider contracts with a qualified entertainment company to operate*
228 *the internet gaming platform.*

229 *F. As a requirement to be considered for an internet gaming operator license, and as an ongoing*
230 *requirement of licensure, a casino gaming operator shall maintain a plan for the mitigation of job loss in the*
231 *gaming industry, describing its plan to reduce the impact of internet gaming on jobs in its casino gaming*
232 *establishment. The plan shall include, at a minimum, (i) an estimate of the impact of internet gaming on jobs*
233 *at the casino gaming establishment, if any; (ii) any plan to retrain impacted employees for jobs associated*
234 *with internet gaming; and (iii) any other plan to mitigate any negative impact of internet gaming on jobs at*
235 *the casino gaming establishment. The Director shall make the mitigation plan publicly available during the*
236 *pendency of the casino gaming operator's application for an internet gaming operator's license and*
237 *throughout the term of the internet gaming operator license, including through publication on the*
238 *Department's website.*

239 *G. In order to protect the Commonwealth's financial interests, and to ensure the efficient and*
240 *uninterrupted operation of the casino gaming establishment and internet gaming operations, as a*
241 *requirement for a full and adequate application for an internet gaming license, and as an ongoing, material*
242 *term of such license, an applicant for an internet gaming operator's license and each sub-lessee or sub-*
243 *contractor performing operations at the casino gaming establishment shall provide written evidence that*
244 *each has entered into a signed labor peace agreement with each labor organization that represents, or seeks*
245 *to represent, its workforce at the casino gaming establishment that is seeking the internet operator gaming*

246 *license and at any live internet game studio.*

247 *1. Nothing in this subsection requires an employer to (i) recognize a particular labor organization or (ii)*
248 *to enter into a collective bargaining agreement establishing the substantive terms and conditions of*
249 *employment.*

250 *2. This subsection is not intended to, and shall not be interpreted to, enact or express any generally*
251 *applicable policy regarding labor-management relations or to regulate such relations in any way.*

252 **§ 58.1-4145. Internet gaming platform provider license; fees; temporary internet gaming platform**
253 **authorization.**

254 *A. The Board may issue an internet gaming platform provider license to a platform provider that submits*
255 *an application on forms approved by the Board, meets the qualifications set by the Board in regulations, and*
256 *pays an application fee of \$2 million concurrently with its internet gaming operator license.*

257 *B. The Board may use information obtained from the applicant in connection with such applicant's sports*
258 *betting permit issued pursuant to the provisions of Article 2 (§ 58.1-4030 et seq.) of Chapter 40 or*
259 *information furnished by the applicant to other jurisdictions in which the applicant is authorized to conduct*
260 *internet gaming.*

261 *C. A qualified internet gaming entity may submit to the Board a request for a temporary internet gaming*
262 *platform provider license. Such request shall include a supplemental platform fee of \$10,000 payable to the*
263 *Board. Upon receiving a request for a temporary license, the Director shall review the request. If the*
264 *Director determines that the entity requesting the temporary license is a qualified internet gaming entity and*
265 *has paid the temporary licensing fee, the Board shall authorize the qualified internet gaming entity to*
266 *conduct internet gaming for a period of one year under a temporary license or until a final determination on*
267 *its internet gaming platform provider license application is made, whichever is later.*

268 *D. An internet gaming platform provider license issued pursuant to this section shall be valid for a period*
269 *of five years from the date of issuance. An internet gaming platform provider shall pay a platform renewal fee*
270 *of \$1 million per internet gaming platform concurrently with its internet gaming operator license renewal.*

271 *E. All applicants for an internet gaming platform provider license that submit an application within 30*
272 *days of the date on which the Department first begins to accept applications for an internet gaming platform*
273 *provider license shall be given an equal opportunity to commence offering, conducting, or operating internet*
274 *gaming in the Commonwealth on the same day, provided the internet gaming operator with whom the*
275 *applicant has contracted has submitted a complete application.*

276 **§ 58.1-4146. Multijurisdictional contracts permitted.**

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

281 **§ 58.1-4147. Age and identity requirements; verification; geolocation.**

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

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

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

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

297 *1. Online and mobile payment systems that support online money transfers;*

298 *2. Debit card; and*

299 *3. Any other form approved by the Board.*

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

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

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

307 *2. An individual who participates in the voluntary exclusion program.*

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

311 **§ 58.1-4148. Consumer protections; problem gambling.**

312 *A. The Board shall promulgate regulations to promote problem gaming prevention, identification, and*
313 *curtailment. Such regulations shall include:*

314 *1. Educating potential gamblers of methods and types of games and fairly informing potential gamblers of*
315 *the odds or likelihood of winning such games;*

316 *2. Establishing and administering programs for educating potential gamblers about responsible*
317 *gambling, the warning signs of problem or compulsive gambling, and how to prevent and treat problem or*
318 *compulsive gambling;*

319 *3. Developing and funding responsible gaming education campaigns coupled with prevention and*
320 *education efforts within communities that raise awareness of potential signs or risk factors of problem or*
321 *compulsive gambling;*

322 *4. Encouraging the use of harm-minimizing measures by bettors, such as excluding or limiting oneself*
323 *from cashing checks and making automated teller machine withdrawals, as well as utilizing limit-setting tools*
324 *and personal data and information to make informed decisions about gambling;*

325 *5. Establishing rules and regulations that enable bettors to cool off, self-limit, and self-exclude from*
326 *gaming activities statewide and across multiple jurisdictions;*

327 *6. Adopting processes for individuals to express concerns related to problem or compulsive gambling to*
328 *the Board;*

329 *7. Developing statewide advertising guidelines to ensure that the marketing of internet gaming is not*
330 *targeted to minors and does not include content, themes, and promotions that have special appeal to problem*
331 *or compulsive gamblers;*

332 *8. Requiring the electronic posting of signs or notifications on internet gaming platforms that bear a toll-*
333 *free number for an organization that provides assistance to problem or compulsive gamblers; and*

334 *9. Establishing rules and regulations to limit wagering when such bettor has exhibited signs of problem or*
335 *compulsive gambling.*

336 *B. The Board shall promulgate rules and regulations that require an internet gaming operator to*
337 *implement responsible gaming programs. Such rules and regulations shall require an internet gaming*
338 *operator to develop a strategic implementation plan with the details as to the (i) use of player data and*

339 *technology to aid in identifying potential problem gamblers; (ii) use of automated triggers to identify and*
340 *manage accounts of potential problem gamblers; and (iii) levels of intervention and education provided to*
341 *identified at-risk players, which shall include at a minimum a (a) first phase involving communications with*
342 *the individual in order to educate the individual on the availability of various responsible gaming features*
343 *and resources offered by the licensee; (b) second phase that includes a video tutorial displayed to the*
344 *individual either as one or multiple videos that provide education on the features and resources available;*
345 *and (c) third phase, when warranted, that includes access to a responsible gaming professional provided by*
346 *the internet gaming operator to advise the individual on possible corrective actions to address at-risk*
347 *behavior.*

348 *C. The Board shall work with national and local organizations to provide services for individuals with*
349 *problem gambling or a betting or gambling disorder and to establish prevention initiatives to reduce the*
350 *number of individuals with problem gambling or a gambling disorder, including utilizing currently*
351 *established programs for problem gambling or gambling disorders.*

352 *D. The Board shall annually generate a report outlining activities with respect to problem gambling or*
353 *gambling disorders, including descriptions of programs, grants, and other resources made available, the*
354 *number of individuals seeking assistance, the number of individuals who reported completing programs and*
355 *therapies, and the rate of recidivism, if known to the Board. The Board shall file the annual report with the*
356 *Governor, the Speaker of the House of Delegates, and the Chair of the Senate Committee on Rules, and shall*
357 *publish such report on its website no later than January 1 of each year.*

358 *E. In order to encourage responsible play, an internet gaming operator shall:*

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

362 *2. Provide access to an account statement that shall include detailed account activity for at least 12 prior*
363 *months, including, at a minimum, information relating to deposits, withdrawals, and win and loss statistics.*

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

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

370 2. Provide a mechanism by which an account holder may establish the following controls on internet
371 wagering through the internet gaming account, and at the request of a bettor, share the following information
372 with the Board for the sole purpose of disseminating the request to other internet gaming operators:

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

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

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

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

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

391 **§ 58.1-4149. Disposition of inactive, dormant internet gaming accounts.**

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

397 **§ 58.1-4150. Operating, conducting, or offering internet gaming without a license; penalties.**

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

401 **§ 58.1-4151. Tampering with equipment; penalties.**

402 A. Any person who knowingly tampers with software, computers, or other equipment used to operate,
403 conduct, or offer internet gaming to alter the odds or the payout of a game or disables the game from
404 operating according to the rules of the game as promulgated by the Board is guilty of a Class 5 felony and
405 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
406 of not more than \$200,000.

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

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

413 **§ 58.1-4152. Tampering affecting odds, payout; penalties.**

414 A. Any person who knowingly operates, conducts, or offers or allows to be operated, conducted, or
415 offered any internet game that has been tampered with in a way that affects the odds or the payout of a game
416 or disables the game from operating according to the rules of the game is guilty of a Class 5 felony and
417 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
418 of not more than \$200,000.

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

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

423 **§ 58.1-4153. Tax on adjusted gross internet gaming revenue.**

424 A. There shall be imposed a tax of 20 percent on an internet gaming operator's adjusted gross internet
425 gaming revenue.

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

430 C. With the exception of licensing fees and the fee imposed pursuant to § 58.1-4158, the tax imposed
431 pursuant to this section shall be in lieu of all other taxes and fees imposed on the operation of internet

432 gaming or on the proceeds from the operation of internet gaming in the Commonwealth.

433 **§ 58.1-4154. Distribution of tax revenue.**

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

436 B. Until January 1, 2037, of the tax revenue collected pursuant to § 58.1-4153, the Department shall
437 allocate:

438 1. Six percent to the Internet Lottery Hold Harmless Fund established pursuant to § 58.1-4157; and

439 2. Eighty-nine percent to the general fund.

440 C. Beginning January 1, 2037, the Department shall allocate 95 percent of the tax revenue collected
441 pursuant to § 58.1-4153 to the general fund.

442 **§ 58.1-4155. Unlicensed sweepstakes games prohibited; civil penalties.**

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

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

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

456 **§ 58.1-4156. Internet Gaming Platform Fee Holding Fund.**

457 A. There is hereby created in the state treasury a special nonreverting fund to be known as the Internet
458 Gaming Platform Fee Holding Fund, referred to in this section as "the Fund." The Fund shall be established
459 on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants,
460 bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund.
461 Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Except as provided in
462 subsection B, any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year

463 shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for
464 the purpose of funding start-up costs and other costs associated with the implementation and creation of a
465 gaming commission or other such combined gaming agency. Expenditures and disbursements from the Fund
466 shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by
467 the Director.

468 B. Upon the successful creation of a gaming commission or other such combined gaming agency as noted
469 by the appointment of a governing board and an agency director, and upon the authorization of the Director,
470 all funds appropriated shall be remitted by the end of each calendar quarter to such gaming commission on
471 whose behalf the funds were secured for the purpose of funding start-up costs and other costs associated with
472 implementation and creation of such agency; however, the Director may recover reasonable costs associated
473 with the administration of the Fund.

474 **§ 58.1-4157. Internet Lottery Hold Harmless Fund.**

475 A. There is hereby created in the state treasury a special nonreverting fund to be known as the Internet
476 Lottery Hold Harmless Fund, referred to in this section as "the Fund." The Fund shall be established on the
477 books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests,
478 and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest
479 earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the
480 Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall
481 remain in the Fund. Moneys in the Fund shall be used solely for the purposes of offsetting any potential loss
482 of revenue experienced by the Virginia Lottery's internet lottery offering that is attributed to internet gaming.
483 Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by
484 the Comptroller upon written request signed by the Director.

485 B. The Department shall promulgate regulations establishing an annual schedule for the transfer of
486 moneys in the Fund to the Virginia Lottery.

487 **§ 58.1-4158. Economic development fee on adjusted gross internet gaming revenue; distribution.**

488 A. In addition to the tax imposed pursuant to § 58.1-4153, there shall be a fee imposed of six percent on
489 an internet gaming operator's adjusted gross internet gaming revenue.

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

494 C. The Department shall allocate the revenue collected pursuant to this section to the Casino Gaming
495 Hold Harmless Fund established pursuant to § 58.1-4159.

496 **§ 58.1-4159. Casino Gaming Hold Harmless Fund.**

497 A. There is hereby created in the state treasury a special nonreverting fund to be known as the Casino
498 Gaming Hold Harmless Fund, referred to in this section as "the Fund." The Fund shall be established on the
499 books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests,
500 and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest
501 earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the
502 Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall
503 remain in the Fund. Until July 1, 2032, moneys in the Fund shall be used solely for the purposes of
504 distributing equal monthly payments to casino gaming operators licensed to operate a casino gaming
505 establishment in the eligible host cities described in subdivisions A 1 through 4 of § 58.1-4107, referred to in
506 this section as "eligible casino gaming operators." Beginning July 1, 2032, the eligible casino gaming
507 operators shall be required to demonstrate a loss of revenue attributable to internet gaming in order to
508 receive such funds. Expenditures and disbursements from the Fund shall be made by the State Treasurer on
509 warrants issued by the Comptroller upon written request signed by the Director.

510 B. The Department shall promulgate regulations for the distribution of monthly payments to eligible
511 casino gaming operators from the Fund. The Board shall also promulgate regulations establishing an annual
512 schedule for the acceptance of applications from eligible casino gaming operators that are able to
513 demonstrate, beginning July 1, 2032, to the satisfaction of the Department, that they experienced a loss of
514 revenue attributable to internet gaming. Any such eligible casino gaming operator seeking to recover from
515 the Fund on or after July 1, 2032, shall, at a minimum, demonstrate at the time of application a loss of net
516 revenue compared to the eligible casino gaming operator's average net revenue during calendar years 2025
517 and 2026 or during the third and fourth years of such gaming operator's permanent casino's operations,
518 whichever is greater. The Department shall determine the form and manner in which applications shall be
519 made, the criteria for verifying the amount of each applicant's revenue loss, and the date on which
520 distributions from the Fund are to be made.

521 **2. That, by January 1, 2028, the Virginia Lottery Board (the Board) shall promulgate regulations**
522 **necessary to implement the provisions of this act. The Board's initial adoption of such regulations shall**
523 **be exempt from the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia), provided**
524 **that, prior to the final adoption of such regulations, the Board publishes in the Virginia Register of**

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

529 **3. That the Director of the Virginia Lottery shall begin accepting notices of intent in accordance with**
530 **§ 58.1-4143 of the Code of Virginia, as created by this act, on July 1, 2027.**

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

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

545 **6. That the provisions of this act shall not become effective unless reenacted by the 2027 Session of the**
546 **General Assembly.**