

1 SENATE BILL NO. 129  
 2 AMENDMENT IN THE NATURE OF A SUBSTITUTE  
 3 (Proposed by the House Committee on General Laws  
 4 on \_\_\_\_\_)  
 5 (Patron Prior to Substitute—Senator Ebbin)

6 *A BILL to amend and reenact §§ 2.2-3705.3, as it is currently effective and as it shall become effective,*  
 7 *37.2-314.2, 59.1-556 through 59.1-559, 59.1-561, 59.1-562, 59.1-563, 59.1-565, 59.1-566, and 59.1-567*  
 8 *of the Code of Virginia; to amend the Code of Virginia by adding in Chapter 3 of Title 11 a section*  
 9 *numbered 11-16.3 and by adding a section numbered 59.1-563.1; and to repeal § 59.1-564 of the Code of*  
 10 *Virginia, relating to Fantasy Contests Act; regulation and taxation.*

11 **Be it enacted by the General Assembly of Virginia:**

12 **1. That §§ 2.2-3705.3, as it is currently effective and as it shall become effective, 37.2-314.2, 59.1-556**  
 13 **through 59.1-559, 59.1-561, 59.1-562, 59.1-563, 59.1-565, 59.1-566, and 59.1-567 of the Code of Virginia**  
 14 **are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 3 of Title**  
 15 **11 a section numbered 11-16.3 and by adding a section numbered 59.1-563.1 as follows:**

16 **§ 2.2-3705.3. (Effective until July 1, 2026) Exclusions to application of chapter; records relating to**  
 17 **administrative investigations.**

18 The following information contained in a public record is excluded from the mandatory disclosure  
 19 provisions of this chapter but may be disclosed by the custodian in his discretion, except where such  
 20 disclosure is prohibited by law. Redaction of information excluded under this section from a public record  
 21 shall be conducted in accordance with § 2.2-3704.01.

22 1. Information relating to investigations of applicants for licenses and permits, and of all licensees and  
 23 permittees, made by or submitted to the Virginia Alcoholic Beverage Control Authority, the Virginia  
 24 Cannabis Control Authority, the Virginia Lottery pursuant to Chapter 40 (§ 58.1-4000 et seq.) and Chapter 41  
 25 (§ 58.1-4100 et seq.) of Title 58.1, the Virginia Racing Commission, the Department of Agriculture and  
 26 Consumer Services relating to investigations and applications pursuant to Article 1.1:1 (§ 18.2-340.15 et seq.)  
 27 of Chapter 8 of Title 18.2 and the Fantasy Contests Act (§ 59.1-556 et seq.), or the Private Security Services  
 28 Unit of the Department of Criminal Justice Services.

29 2. Records of active investigations being conducted by the Virginia Cannabis Control Authority or by the  
 30 Department of Health Professions or any health regulatory board in the Commonwealth pursuant to  
 31 § 54.1-108.

32 3. Investigator notes, and other correspondence and information, furnished in confidence with respect to  
33 an active investigation of individual employment discrimination complaints made to the Department of  
34 Human Resource Management, to such personnel of any local public body, including local school boards, as  
35 are responsible for conducting such investigations in confidence, or to any public institution of higher  
36 education. However, nothing in this subdivision shall prevent the disclosure of information taken from  
37 inactive reports in a form that does not reveal the identity of charging parties, persons supplying the  
38 information, or other individuals involved in the investigation.

39 4. Records of active investigations being conducted by the Department of Medical Assistance Services  
40 pursuant to Chapter 10 (§ 32.1-323 et seq.) of Title 32.1.

41 5. Investigative notes and other correspondence and information furnished in confidence with respect to  
42 an investigation or conciliation process involving an alleged unlawful discriminatory practice under the  
43 Virginia Human Rights Act (§ 2.2-3900 et seq.) or under any local ordinance adopted in accordance with the  
44 authority specified in § 2.2-524, or adopted pursuant to § 15.2-965, or adopted prior to July 1, 1987, in  
45 accordance with applicable law, relating to local human rights or human relations commissions. However,  
46 nothing in this subdivision shall prevent the distribution of information taken from inactive reports in a form  
47 that does not reveal the identity of the parties involved or other persons supplying information.

48 6. Information relating to studies and investigations by the Virginia Lottery of (i) lottery agents, (ii) lottery  
49 vendors, (iii) lottery crimes under §§ 58.1-4014 through 58.1-4018, (iv) defects in the law or regulations that  
50 cause abuses in the administration and operation of the lottery and any evasions of such provisions, or (v) the  
51 use of the lottery as a subterfuge for organized crime and illegal gambling where such information has not  
52 been publicly released, published or copyrighted. All studies and investigations referred to under clauses (ii),  
53 (iv), and (v) shall be open to inspection and copying upon completion of the study or investigation.

54 7. Investigative notes, correspondence and information furnished in confidence, and records otherwise  
55 exempted by this chapter or any Virginia statute, provided to or produced by or for (i) the Auditor of Public  
56 Accounts; (ii) the Joint Legislative Audit and Review Commission; (iii) an appropriate authority as defined in  
57 § 2.2-3010 with respect to an allegation of wrongdoing or abuse under the Fraud and Abuse Whistle Blower  
58 Protection Act (§ 2.2-3009 et seq.); (iv) the Office of the State Inspector General with respect to an  
59 investigation initiated through the Fraud, Waste and Abuse Hotline or an investigation initiated pursuant to  
60 Chapter 3.2 (§ 2.2-307 et seq.); (v) internal auditors appointed by the head of a state agency or by any public  
61 institution of higher education; (vi) the committee or the auditor with respect to an investigation or audit  
62 conducted pursuant to § 15.2-825; (vii) the auditors, appointed by the local governing body of any county,

63 city, or town or a school board, who by charter, ordinance, or statute have responsibility for conducting an  
64 investigation of any officer, department, or program of such body; or (viii) the Behavioral Health  
65 Commission. Information contained in completed investigations shall be disclosed in a form that does not  
66 reveal the identity of the complainants or persons supplying information to investigators. Unless disclosure is  
67 excluded by this subdivision, the information disclosed shall include the agency involved, the identity of the  
68 person who is the subject of the complaint, the nature of the complaint, and the actions taken to resolve the  
69 complaint. If an investigation does not lead to corrective action, the identity of the person who is the subject  
70 of the complaint may be released only with the consent of the subject person. Local governing bodies shall  
71 adopt guidelines to govern the disclosure required by this subdivision.

72 8. The names and personal contact information of complainants furnished in confidence with respect to an  
73 investigation of individual zoning enforcement complaints or complaints relating to the Uniform Statewide  
74 Building Code (§ 36-97 et seq.) or the Statewide Fire Prevention Code (§ 27-94 et seq.) made to a local  
75 governing body. As used in this subdivision, "personal contact information" includes the complainant's home  
76 or business (i) address, (ii) email address, or (iii) telephone number or comparable number assigned to any  
77 other electronic communication device.

78 9. Records of active investigations being conducted by the Department of Criminal Justice Services  
79 pursuant to Article 4 (§ 9.1-138 et seq.), Article 4.1 (§ 9.1-150.1 et seq.), Article 11 (§ 9.1-185 et seq.), and  
80 Article 12 (§ 9.1-186 et seq.) of Chapter 1 of Title 9.1.

81 10. Information furnished to or prepared by the Board of Education pursuant to subsection D of  
82 § 22.1-253.13:3 in connection with the review or investigation of any alleged breach in security, unauthorized  
83 alteration, or improper administration of tests by local school board employees responsible for the  
84 distribution or administration of the tests. However, this section shall not prohibit the disclosure of such  
85 information to (i) a local school board or division superintendent for the purpose of permitting such board or  
86 superintendent to consider or to take personnel action with regard to an employee or (ii) any requester, after  
87 the conclusion of a review or investigation, in a form that (a) does not reveal the identity of any person  
88 making a complaint or supplying information to the Board on a confidential basis and (b) does not  
89 compromise the security of any test mandated by the Board.

90 11. Information contained in (i) an application for licensure or renewal of a license for teachers and other  
91 school personnel, including transcripts or other documents submitted in support of an application, and (ii) an  
92 active investigation conducted by or for the Board of Education related to the denial, suspension,  
93 cancellation, revocation, or reinstatement of teacher and other school personnel licenses including

94 investigator notes and other correspondence and information, furnished in confidence with respect to such  
95 investigation. However, this subdivision shall not prohibit the disclosure of such (a) application information  
96 to the applicant at his own expense or (b) investigation information to a local school board or division  
97 superintendent for the purpose of permitting such board or superintendent to consider or to take personnel  
98 action with regard to an employee. Information contained in completed investigations shall be disclosed in a  
99 form that does not reveal the identity of any complainant or person supplying information to investigators.  
100 The completed investigation information disclosed shall include information regarding the school or facility  
101 involved, the identity of the person who was the subject of the complaint, the nature of the complaint, and the  
102 actions taken to resolve the complaint. If an investigation fails to support a complaint or does not lead to  
103 corrective action, the identity of the person who was the subject of the complaint may be released only with  
104 the consent of the subject person. No personally identifiable information regarding a current or former  
105 student shall be released except as permitted by state or federal law.

106 12. Information provided in confidence and related to an investigation by the Attorney General under  
107 Article 1 (§ 3.2-4200 et seq.) or Article 3 (§ 3.2-4204 et seq.) of Chapter 42 of Title 3.2, Article 10  
108 (§ 18.2-246.6 et seq.) of Chapter 6 or Chapter 13 (§ 18.2-512 et seq.) of Title 18.2, or Article 1 (§ 58.1-1000)  
109 of Chapter 10 of Title 58.1. However, information related to an investigation that has been inactive for more  
110 than six months shall, upon request, be disclosed provided such disclosure is not otherwise prohibited by law  
111 and does not reveal the identity of charging parties, complainants, persons supplying information, witnesses,  
112 or other individuals involved in the investigation.

113 13. Records of active investigations being conducted by the Department of Behavioral Health and  
114 Developmental Services pursuant to Chapter 4 (§ 37.2-400 et seq.) of Title 37.2.

115 **§ 2.2-3705.3. (Effective July 1, 2026) Exclusions to application of chapter; records relating to**  
116 **administrative investigations.**

117 The following information contained in a public record is excluded from the mandatory disclosure  
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122 permittees, made by or submitted to the Virginia Alcoholic Beverage Control Authority, the Virginia  
123 Cannabis Control Authority, the Virginia Lottery pursuant to Chapter 40 (§ 58.1-4000 et seq.) and Chapter 41

124 (§ 58.1-4100 et seq.) of Title 58.1, the Virginia Racing Commission, the Department of Agriculture and  
125 Consumer Services relating to investigations and applications pursuant to Article 1.1:1 (§ 18.2-340.15 et seq.)  
126 of Chapter 8 of Title 18.2 and the *Fantasy Contests Act* (§ 59.1-556 et seq.), or the Private Security Services  
127 Unit of the Department of Criminal Justice Services.

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129 Department of Health Professions or any health regulatory board in the Commonwealth pursuant to  
130 § 54.1-108.

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132 an active investigation of individual employment discrimination complaints made to the Department of  
133 Human Resource Management, to such personnel of any local public body, including local school boards, as  
134 are responsible for conducting such investigations in confidence, or to any public institution of higher  
135 education. However, nothing in this subdivision shall prevent the disclosure of information taken from  
136 inactive reports in a form that does not reveal the identity of charging parties, persons supplying the  
137 information, or other individuals involved in the investigation.

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141 an investigation or conciliation process involving an alleged unlawful discriminatory practice under the  
142 Virginia Human Rights Act (§ 2.2-3900 et seq.) or under any local ordinance adopted in accordance with the  
143 authority specified in § 2.2-524, or adopted pursuant to § 15.2-965, or adopted prior to July 1, 1987, in  
144 accordance with applicable law, relating to local human rights or human relations commissions. However,  
145 nothing in this subdivision shall prevent the distribution of information taken from inactive reports in a form  
146 that does not reveal the identity of the parties involved or other persons supplying information.

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148 vendors, (iii) lottery crimes under §§ 58.1-4014 through 58.1-4018, (iv) defects in the law or regulations that  
149 cause abuses in the administration and operation of the lottery and any evasions of such provisions, or (v) the  
150 use of the lottery as a subterfuge for organized crime and illegal gambling where such information has not  
151 been publicly released, published or copyrighted. All studies and investigations referred to under clauses (iii),  
152 (iv), and (v) shall be open to inspection and copying upon completion of the study or investigation.

153 7. Investigative notes, correspondence and information furnished in confidence, and records otherwise  
154 exempted by this chapter or any Virginia statute, provided to or produced by or for (i) the Auditor of Public

155 Accounts; (ii) the Joint Legislative Audit and Review Commission; (iii) an appropriate authority as defined in  
156 § 2.2-3010 with respect to an allegation of wrongdoing or abuse under the Fraud and Abuse Whistle Blower  
157 Protection Act (§ 2.2-3009 et seq.); (iv) the Office of the State Inspector General with respect to an  
158 investigation initiated through the Fraud, Waste and Abuse Hotline or an investigation initiated pursuant to  
159 Chapter 3.2 (§ 2.2-307 et seq.); (v) internal auditors appointed by the head of a state agency or by any public  
160 institution of higher education; (vi) the committee or the auditor with respect to an investigation or audit  
161 conducted pursuant to § 15.2-825; (vii) the auditors, appointed by the local governing body of any county,  
162 city, or town or a school board, who by charter, ordinance, or statute have responsibility for conducting an  
163 investigation of any officer, department, or program of such body; or (viii) the Behavioral Health  
164 Commission. Information contained in completed investigations shall be disclosed in a form that does not  
165 reveal the identity of the complainants or persons supplying information to investigators. Unless disclosure is  
166 excluded by this subdivision, the information disclosed shall include the agency involved, the identity of the  
167 person who is the subject of the complaint, the nature of the complaint, and the actions taken to resolve the  
168 complaint. If an investigation does not lead to corrective action, the identity of the person who is the subject  
169 of the complaint may be released only with the consent of the subject person. Local governing bodies shall  
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173 Building Code (§ 36-97 et seq.) or the Statewide Fire Prevention Code (§ 27-94 et seq.) made to a local  
174 governing body. As used in this subdivision, "personal contact information" includes the complainant's home  
175 or business (i) address, (ii) email address, or (iii) telephone number or comparable number assigned to any  
176 other electronic communication device.

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178 pursuant to Article 4 (§ 9.1-138 et seq.), Article 4.1 (§ 9.1-150.1 et seq.), Article 11 (§ 9.1-185 et seq.), and  
179 Article 12 (§ 9.1-186 et seq.) of Chapter 1 of Title 9.1.

180 10. Information furnished to or prepared by the Board of Education pursuant to subsection F of  
181 § 22.1-253.13:3 in connection with the review or investigation of any alleged breach in security, unauthorized  
182 alteration, or improper administration of tests by local school board employees responsible for the  
183 distribution or administration of the tests. However, this section shall not prohibit the disclosure of such  
184 information to (i) a local school board or division superintendent for the purpose of permitting such board or  
185 superintendent to consider or to take personnel action with regard to an employee or (ii) any requester, after

186 the conclusion of a review or investigation, in a form that (a) does not reveal the identity of any person  
187 making a complaint or supplying information to the Board on a confidential basis and (b) does not  
188 compromise the security of any test mandated by the Board.

189 11. Information contained in (i) an application for licensure or renewal of a license for teachers and other  
190 school personnel, including transcripts or other documents submitted in support of an application, and (ii) an  
191 active investigation conducted by or for the Board of Education related to the denial, suspension,  
192 cancellation, revocation, or reinstatement of teacher and other school personnel licenses including  
193 investigator notes and other correspondence and information, furnished in confidence with respect to such  
194 investigation. However, this subdivision shall not prohibit the disclosure of such (a) application information  
195 to the applicant at his own expense or (b) investigation information to a local school board or division  
196 superintendent for the purpose of permitting such board or superintendent to consider or to take personnel  
197 action with regard to an employee. Information contained in completed investigations shall be disclosed in a  
198 form that does not reveal the identity of any complainant or person supplying information to investigators.  
199 The completed investigation information disclosed shall include information regarding the school or facility  
200 involved, the identity of the person who was the subject of the complaint, the nature of the complaint, and the  
201 actions taken to resolve the complaint. If an investigation fails to support a complaint or does not lead to  
202 corrective action, the identity of the person who was the subject of the complaint may be released only with  
203 the consent of the subject person. No personally identifiable information regarding a current or former  
204 student shall be released except as permitted by state or federal law.

205 12. Information provided in confidence and related to an investigation by the Attorney General under  
206 Article 1 (§ 3.2-4200 et seq.) or Article 3 (§ 3.2-4204 et seq.) of Chapter 42 of Title 3.2, Article 10  
207 (§ 18.2-246.6 et seq.) of Chapter 6 or Chapter 13 (§ 18.2-512 et seq.) of Title 18.2, or Article 1 (§ 58.1-1000)  
208 of Chapter 10 of Title 58.1. However, information related to an investigation that has been inactive for more  
209 than six months shall, upon request, be disclosed provided such disclosure is not otherwise prohibited by law  
210 and does not reveal the identity of charging parties, complainants, persons supplying information, witnesses,  
211 or other individuals involved in the investigation.

212 13. Records of active investigations being conducted by the Department of Behavioral Health and  
213 Developmental Services pursuant to Chapter 4 (§ 37.2-400 et seq.) of Title 37.2.

214 ***§ 11-16.3. Exemption; authorized fantasy contests.***

215 *This chapter shall not apply to any fantasy contests or related activity that is lawful under the Fantasy*

216 *Contests Act (§ 59.1-556 et seq.).*

217 **§ 37.2-314.2. Problem Gambling Treatment and Support Fund.**

218 A. As used in this section:

219 "Compulsive gambling" means persistent and recurrent problem gambling behavior leading to clinically  
220 significant impairment or distress, as indicated by an individual exhibiting four or more of the criteria as  
221 defined by the Diagnostic Statistical Manual of Mental Disorders in a 12-month period and where the  
222 behavior is not better explained by a manic episode.

223 "Problem gambling" means a gambling behavior that causes disruptions in any major area of life,  
224 including the psychological, social, or vocational areas of life, but does not fulfill the criteria for diagnosis as  
225 a gambling disorder.

226 B. There is hereby created in the state treasury a special nonreverting fund to be known as the Problem  
227 Gambling Treatment and Support Fund, referred to in this section as "the Fund." The Fund shall be  
228 established on the books of the Comptroller. All revenue accruing to the Fund pursuant to subsection A of  
229 § 58.1-4038 and moneys required to be deposited into the Fund pursuant to Chapter 41 (§ 58.1-4100 et seq.)  
230 of Title 58.1, *subsection H of § 59.1-557, and § 59.1-563.1* shall be paid into the state treasury and credited to  
231 the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys  
232 remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general  
233 fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of (i) providing  
234 counseling and other support services for compulsive and problem gamblers, (ii) developing and  
235 implementing compulsive and problem gambling treatment and prevention programs, and (iii) providing  
236 grants to support organizations that provide assistance to compulsive and problem gamblers. Expenditures  
237 and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller  
238 upon written request signed by the Commissioner.

239 **§ 59.1-556. Definitions.**

240 As used in this chapter, unless the context requires otherwise:

241 "Confidential information" means information related to the play of a fantasy contest by fantasy contest  
242 players obtained as a result of or by virtue of a person's employment.

243 "Department" means the Department of Agriculture and Consumer Services.

244 "Entry fee" means cash or cash equivalent that is required to be paid by a fantasy contest ~~participant~~  
245 *player* to a fantasy contest operator in order to ~~participate~~ *compete* in a fantasy contest.

246 "Fantasy contest" includes any online fantasy or simulated game or contest with an entry fee in which (i)  
247 *two or more fantasy contest players compete against each other; (ii) the value of all prizes and awards*  
248 *offered to winning ~~participants~~ players is established and made known to the ~~participants~~ players in advance*  
249 *of the contest; ~~(ii)~~ (iii) all winning outcomes reflect the relative knowledge and skill of the ~~participants~~*  
250 *players and shall be determined by accumulated statistical results of the performance of individuals,*  
251 *including athletes in the case of sports events; ~~and (iii)~~ (iv) no winning outcome is based on the score, point*  
252 *spread, or any performance of any single actual team or combination of teams or solely on any single*  
253 *performance of an individual athlete or player in any single actual event; and (v) no player competes against*  
254 *the fantasy contest operator.*

255 "Fantasy contest operator" or "operator" means a person or entity ~~that offers fantasy contests for a cash~~  
256 ~~prize to members of the public to which the Department issues a fantasy contest permit pursuant to~~  
257 *§ 59.1-558.*

258 "*Fantasy contest permit*" means a permit to operate fantasy contests issued pursuant to the provisions of  
259 *this chapter.*

260 "Fantasy contest player" or "player" means a person who ~~participates~~ *competes* in a fantasy contest  
261 *offered by a fantasy contest operator. "Fantasy contest player" does not include a fantasy contest operator.*

262 "*Fantasy contest revenue*" means the amount equal to the total of all entry fees that a fantasy contest  
263 *operator collects from all fantasy contest players, less the total of all sums paid out to all fantasy contest*  
264 *players, multiplied by the location percentage.*

265 "*Location percentage*" means the percentage of the amount equal to the total of all entry fees, rounded to  
266 *the nearest tenth of a percent, collected by a fantasy contest operator from fantasy contest players located in*  
267 *the Commonwealth, divided by the amount equal to the total of all entry fees collected by a fantasy contest*  
268 *operator from all fantasy contest players in fantasy contests.*

269 "Principal stockholder" means any person who individually or in concert with his spouse and immediate  
270 family members beneficially owns or controls, directly or indirectly, 15 percent or more of the equity  
271 ownership of a fantasy contest operator or who in concert with his spouse and immediate family members has  
272 the power to vote or cause the vote of 15 percent or more of the equity ownership of any such operator.

273 **§ 59.1-557. Application for a fantasy contest permit; penalty.**

274 A. No fantasy contest operator shall offer any fantasy contest in the Commonwealth without first ~~being~~  
275 ~~registered with~~ *receiving a permit issued by the Department. Applications for ~~registration~~ a permit shall be on*  
276 *forms prescribed by the Department. Any ~~registration~~ permit issued by the Department shall be valid for one*

277 ~~year~~ *three years* from the date of issuance.

278 B. The application for ~~registration~~ *a permit* submitted by a fantasy contest operator shall contain the  
279 following information:

280 1. The name and principal address of the applicant; if a corporation, the state of its incorporation, the full  
281 name and address of each officer and director thereof, and, if a foreign corporation, whether it is qualified to  
282 do business in the Commonwealth; if a partnership or joint venture, the name and address of each officer  
283 thereof;

284 2. The address of any offices of the applicant in the Commonwealth and its designated agent for process  
285 within the Commonwealth. If no such agent is designated, the applicant shall be deemed to have designated  
286 the Commissioner of the Department. If the operator does not maintain an office, the name and address of the  
287 person having custody of its financial records;

288 3. The place where and the date when the applicant was legally established and the form of its  
289 organization;

290 4. The names and addresses of the officers, directors, trustees, and principal salaried executive staff  
291 officer;

292 5. The name and address of each principal stockholder or member of such corporation; ~~and~~

293 6. *The applicant's experience in operating fantasy contests in any other state or country, including the*  
294 *operator's history and reputation of integrity, financial viability, and compliance with applicable laws and*  
295 *regulations;*

296 7. *The applicant's proposed internal controls, including controls to ensure that no prohibited or*  
297 *voluntarily excluded person will be able to compete in fantasy contests;*

298 8. *The applicant's history of working to prevent problem gambling, including instituting applicable*  
299 *training programs for its employees; and*

300 9. Such information as the Department deems necessary to ensure compliance with the provisions of this  
301 chapter.

302 C. Every ~~registration filed under~~ *permit issued pursuant to* this chapter shall be accompanied by a  
303 nonrefundable, initial application fee ~~set by the Department~~ *of \$50,000.*

304 D. As a condition of ~~registration~~ *being issued a permit*, a fantasy contest operator shall submit evidence  
305 satisfactory to the Department that the operator has established and will implement procedures for fantasy  
306 contests that:

307 1. Prevent him or his employees and relatives living in the same household as the operator from  
308 competing in any ~~public~~ fantasy contest offered by such operator in which the operator offers a cash prize;

309 2. Prevent the sharing of confidential information that could affect fantasy contest play with third parties  
310 until ~~the~~ *such* information is made publicly available;

311 3. Verify that any fantasy contest player is 21 years of age or older;

312 4. Ensure that players who are the subject of a fantasy contest are restricted from entering a fantasy  
313 contest that is determined, in whole or part, on the accumulated statistical results of a team of individuals in  
314 which such players are ~~participants~~ *fantasy contest players*;

315 5. Allow individuals to restrict themselves from entering a fantasy contest upon request and take  
316 reasonable steps to prevent those individuals from entering the operator's fantasy contests;

317 6. Disclose the number of entries a single fantasy contest player may submit to each fantasy contest and  
318 take reasonable steps to prevent such players from submitting more than the allowable number; and

319 7. Segregate player funds from operational funds in separate accounts and maintain a reserve in the form  
320 of cash, cash equivalents, irrevocable letter of credit, bond, or a combination thereof in an amount sufficient  
321 to pay all prizes and awards offered to winning ~~participants~~ *players*.

322 E. If ~~the registration forms~~ *permit application forms* are filed online using a website approved by the  
323 Commissioner of the Department, the operator shall follow the procedures on ~~that~~ *such* website for signing  
324 the ~~forms~~ *application forms*.

325 F. Any operator that allows its ~~registration~~ *permit* to lapse, without requesting an extension of time to file,  
326 shall be required to resubmit an initial ~~registration~~ *permit application*. An extension may be granted by the  
327 Department upon receipt of a written request.

328 G. *Any person who knowingly and willfully falsifies, conceals, or misrepresents a material fact or*  
329 *knowingly and willfully makes a false, fictitious, or fraudulent statement or representation in any permit*  
330 *application submitted pursuant to this chapter is guilty of a Class 1 misdemeanor.*

331 H. *In addition to the application fee required pursuant to subsection C, any operator to which the*  
332 *Department issues a permit shall pay a nonrefundable fee of \$50,000 to the Department prior to the issuance*  
333 *of such permit. Such fees shall be deposited by the Department into the Problem Gambling Treatment and*  
334 *Support Fund established pursuant to § 37.2-314.2.*

335 **§ 59.1-558. Issuance of permit; denial of same.**

336 A. The Department shall consider all applications for ~~registration~~ *a permit* and shall issue a valid  
337 ~~registration~~ *permit* to an applicant that meets the criteria set forth in this chapter.

338 B. The Department shall deny ~~registration~~ *a permit* to any applicant unless it finds that:

339 1. If the corporation is a stock corporation, such stock is fully paid and nonassessable and has been  
340 subscribed and paid for only in cash or property to the exclusion of past services and, if the corporation is a  
341 nonstock corporation, that there are at least five members;

342 2. All principal stockholders or members have submitted to the jurisdiction of the ~~Virginia~~ *courts of the*  
343 *Commonwealth* for the purposes of this chapter, and all nonresident principal stockholders or members have  
344 designated the Commissioner of the Department as their agent for receipt of process;

345 3. The applicant's articles of incorporation provide that the corporation may, on vote of a majority of the  
346 stockholders or members, purchase at fair market value the entire membership interest of any stockholder or  
347 require the resignation of any member who is or becomes unqualified for such position under subsection C;  
348 and

349 4. The applicant meets the criteria established by the Department for the granting of ~~registration~~ *a permit*.

350 C. The Department may deny ~~registration~~ *a permit* to an applicant if it finds that the applicant, or any  
351 officer, partner, principal stockholder, or director of the applicant:

352 1. Has knowingly made a false statement of material fact or has deliberately failed to disclose any  
353 information requested;

354 2. Is or has been found guilty of any illegal, corrupt, or fraudulent act, practice, or conduct in connection  
355 with any fantasy contest in ~~this~~ *the Commonwealth* or any other state or has been convicted of a felony, a  
356 crime of moral turpitude, or any criminal offense involving dishonesty or breach of trust within the 10 years  
357 prior to the date of application for ~~registration~~ *a permit*;

358 3. Has at any time knowingly failed to comply with the provisions of this chapter or of any requirements  
359 of the Department;

360 4. Has had a registration or permit to hold or conduct fantasy contests denied for just cause, suspended, or  
361 revoked in any other state or country;

362 5. Has legally defaulted in the payment of any obligation or debt due to the Commonwealth; or

363 6. Is not qualified to do business in the Commonwealth or is not subject to the jurisdiction of the courts of  
364 the Commonwealth.

365 D. Any operator applying for ~~registration~~ *a permit* or renewal of a ~~registration~~ *permit* may operate during  
366 the application period unless the Department has reasonable cause to believe that such operator is or may be  
367 in violation of the provisions of this chapter and the Department requires such operator to suspend the

368 operation of any fantasy contest until ~~registration~~ a permit or renewal of ~~registration~~ a permit is issued.

369 E. The Department shall issue such ~~registration~~ permit within 60 days of receipt of the application for  
370 ~~registration~~ a permit. If ~~the registration~~ a permit is not issued, the Department shall provide the operator with  
371 ~~the a specific~~ justification for not issuing such ~~registration~~ with specificity permit.

372 F. At least 60 days before the expiration of a permit, an operator shall submit a renewal application, on  
373 forms prescribed by the Department, accompanied by a nonrefundable fee of \$25,000. The Department shall  
374 make a determination on an application for a renewal of a fantasy contest permit within 30 days of receipt.  
375 Any fees collected pursuant to this subsection shall be payable to the State Treasurer. All such fees received  
376 by the State Treasurer shall be remitted to the Department for the administration of this chapter.

377 **§ 59.1-559. Independent audit required; submission to Department.**

378 ~~A registered~~ An operator that has been issued a permit shall ~~(i)~~ annually (i) contract with a certified public  
379 accountant to conduct an independent audit, consistent with the standards accepted by the Board of  
380 Accountancy; (ii) ~~annually~~ contract with a testing laboratory recognized by the Department to verify  
381 compliance with the provisions of subsection D of § 59.1-557; and (iii) submit to the Department a copy of  
382 ~~the (a) audit report and (b) report of the testing laboratory~~ as such reports required by ~~clause~~ clauses (i) and  
383 (ii).

384 **§ 59.1-561. Suspension or revocation of a permit.**

385 A. ~~After a hearing with 15 days' notice;~~ If the Department determines that a fantasy contest operator has  
386 violated any of the provisions of this chapter, the Department may, with at least 15 days' notice and a  
387 hearing, (i) suspend or revoke ~~any registration~~ the operator's permit or (ii) impose on such operator a  
388 monetary penalty of not more than \$1,000 per day for each violation of this chapter, not to exceed \$50,000, in  
389 any case where a violation of this chapter has been shown by a preponderance of the evidence. The  
390 Department may revoke a ~~registration~~ permit if it finds that facts not known by it at the time it considered the  
391 permit application indicate that such ~~registration~~ permit should not have been issued.

392 B. The Department may summarily suspend any ~~registration~~ permit for a period of not more than seven  
393 days pending a hearing and final determination by the Department if the Department determines that a  
394 violation of this chapter has occurred and emergency action is required to protect the public health, safety,  
395 and welfare. The Department shall (i) schedule a hearing within seven business days after the ~~registration~~  
396 permit is summarily suspended and (ii) notify the ~~registered~~ operator not less than five business days before  
397 the hearing of the date, time, and place of the hearing.

398 C. If any such ~~registration~~ permit is suspended or revoked, the Department shall state its reasons for doing

399 so, which shall be entered of record. Such action shall be final unless appealed in accordance with  
400 § 59.1-562. Suspension or revocation of a ~~registration~~ *permit* issued by the Department for any violation shall  
401 not preclude civil liability for such violation.

402 **§ 59.1-562. Hearing and appeal.**

403 Any person aggrieved by a denial of the Department to issue a ~~registration~~ *permit*, the suspension or  
404 revocation of a ~~registration~~ *permit*, the imposition of a fine, or any other action of the Department may seek  
405 review of such action in accordance with Article 5 (§ 2.2-4025 et seq.) of the Administrative Process Act in  
406 the Circuit Court of the City of Richmond. Further appeals shall also be in accordance with Article 5  
407 (§ 2.2-4025 et seq.) of the Administrative Process Act.

408 **§ 59.1-563. Fees and charges.**

409 ~~All~~ *Except as provided in subsection H of § 59.1-557 and § 59.1-568, all fees, charges, and monetary*  
410 *penalties collected by the Department as provided in this chapter shall be paid into a special fund of the state*  
411 *treasury. Such funds shall be used to finance the administration and operation of this chapter.*

412 **§ 59.1-563.1. Taxation on fantasy contest revenue; allocation of tax revenue.**

413 *A. There shall be imposed a tax of 10 percent on an operator's fantasy contest revenue.*

414 *B. The tax imposed pursuant to this section is due monthly to the Department, and the fantasy contest*  
415 *operator shall remit it on or before the twentieth day of the next succeeding calendar month. If the operator's*  
416 *accounting necessitates corrections to a previously remitted tax, the operator shall document such*  
417 *corrections when it remits the following month's taxes.*

418 *C. The Department shall allocate the tax revenue as follows:*

419 *1. Five percent to the Problem Gambling Treatment and Support Fund established pursuant to*  
420 *§ 37.2-314.2; and*

421 *2. Ninety-five percent to the general fund.*

422 **§ 59.1-565. Public inspection of information filed with Department; charges for production.**

423 *A. Except as provided in subsection B, ~~registrations required to be filed under~~ permits issued pursuant to*  
424 *this chapter shall be open to the public for inspection at such time and under such conditions as the*  
425 *Department may prescribe. A charge not exceeding \$1 per page may be made for any copy of such*  
426 *documents as may be furnished to any person by the Department.*

427 *B. Reports, data, or documents submitted to the Department pursuant to the audit requirements of*  
428 *§ 59.1-559 and records submitted to the Department as part of an application for ~~registration~~ a permit or*  
429 *renewal of a permit that contain information about the character or financial responsibility of the operator or*

430 its principal stockholders shall be deemed confidential and shall be exempt from disclosure under the  
431 *Virginia Freedom of Information Act* (§ 2.2-3700 et seq.).

432 **§ 59.1-566. Permit not endorsement.**

433 No ~~registered~~ *fantasy contest* operator shall use or exploit the fact of ~~registration under~~ *being issued a*  
434 *permit pursuant to* this chapter so as to lead the public to believe that such ~~registration~~ *permit* in any manner  
435 constitutes an endorsement or approval by the Commonwealth.

436 **§ 59.1-567. Acquisition of interest in fantasy contest operator.**

437 A. If any person acquires actual control of a ~~registered~~ *fantasy contest* operator *that has been issued a*  
438 *permit pursuant to the provisions of this chapter*, such person shall ~~register~~ *submit an application for a permit*  
439 with the Department in accordance with § 59.1-557.

440 B. Where any such acquisition of control is without prior approval of the Department, the Department  
441 may suspend any ~~registration~~ *permit* it has issued to such operator, order compliance with this section, or take  
442 such other action as may be appropriate within the authority of the Department.

443 **2. That any fantasy contest operator offering fantasy contests pursuant to a valid registration issued by**  
444 **the Department of Agriculture and Consumer Services (the Department) to fantasy contest players in**  
445 **the Commonwealth prior to the effective date of this act may continue to offer fantasy contests in the**  
446 **Commonwealth until the fantasy contest operator's permit application submitted pursuant to**  
447 **§ 59.1-557 of the Code of Virginia, as amended by this act, has been approved or denied by the**  
448 **Department pursuant to § 59.1-558 of the Code of Virginia, as amended by this act, so long as the**  
449 **fantasy contest operator submits such permit application to the Department within 90 days following**  
450 **the effective date of this act.**

451 **3. That § 59.1-564 of the Code of Virginia is repealed.**