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SENATE BILL NO. 129

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws
on February 24, 2026)

(Patron Prior to Substitute—Senator Ebbin)

A *BILL to amend and reenact §§ 2.2-3705.3, as it is currently effective and as it shall become effective, 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 of the Code of Virginia; to amend the Code of Virginia by adding in Chapter 3 of Title 11 a section numbered 11-16.3 and by adding a section numbered 59.1-563.1; and to repeal § 59.1-564 of the Code of Virginia, relating to Fantasy Contests Act; regulation and taxation.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-3705.3, as it is currently effective and as it shall become effective, 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 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 3 of Title 11 a section numbered 11-16.3 and by adding a section numbered 59.1-563.1 as follows:

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

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

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

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

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

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

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

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

7. Investigative notes, correspondence and information furnished in confidence, and records otherwise exempted by this chapter or any Virginia statute, provided to or produced by or for (i) the Auditor of Public Accounts; (ii) the Joint Legislative Audit and Review Commission; (iii) an appropriate authority as defined in § 2.2-3010 with respect to an allegation of wrongdoing or abuse under the Fraud and Abuse Whistle Blower Protection Act (§ 2.2-3009 et seq.); (iv) the Office of the State Inspector General with respect to an investigation initiated through the Fraud, Waste and Abuse Hotline or an investigation initiated pursuant to

HOUSE
SUBSTITUTE

SB129H1

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
118 provisions of this chapter but may be disclosed by the custodian in his discretion, except where such
119 disclosure is prohibited by law. Redaction of information excluded under this section from a public record
120 shall be conducted in accordance with § 2.2-3704.01.

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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.

128 2. Records of active investigations being conducted by the Virginia Cannabis Control Authority or by the
 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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 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
 170 adopt guidelines to govern the disclosure required by this subdivision.

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 172 investigation of individual zoning enforcement complaints or complaints relating to the Uniform Statewide
 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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 179 Article 12 (§ 9.1-186 et seq.) of Chapter 1 of Title 9.1.

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 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
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 204 student shall be released except as permitted by state or federal law.

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 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~~ *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.**