

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 347
Committee Substitute Favorable 3/22/23
Committee Substitute #2 Favorable 3/28/23
Senate Commerce and Insurance Committee Substitute Adopted 5/24/23

Short Title: Sports Wagering/Horse Racing Wagering.

(Public)

Sponsors:

Referred to:

March 14, 2023

A BILL TO BE ENTITLED
AN ACT TO AUTHORIZE AND REGULATE WAGERING ON PROFESSIONAL,
COLLEGE, AND AMATEUR SPORTS AND ON HORSE RACING IN NORTH
CAROLINA, AND TO AUTHORIZE LIVE HORSE RACING IN NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 18C of the General Statutes is amended by adding a new
Article to read:

"Article 9.

"Sports Wagering.

§ 18C-901. Definitions.

As used in this Article, the following definitions apply:

- (1) Amateur sports. – A sporting competition that is not a professional sport, college sport, or youth sport. This term includes domestic, international, and Olympic sporting competitions.
- (2) Cash equivalent. – An asset convertible to cash for use in connection with authorized sports wagering that includes all of the following:
 - a. Foreign currency and coin.
 - b. Personal check and draft.
 - c. Digital, crypto, and virtual currency.
 - d. Online and mobile payment systems that support online money transfers.
 - e. Credit card and debit card.
 - f. Prepaid access instrument.
 - g. Any other form approved by the Commission.
- (3) College sports. – An athletic or sporting competition in which at least one participant is a team or contestant competing on behalf of or under the sponsorship of a public or private institution of postsecondary education. This term shall not include a public or private institution of postsecondary education sponsorship of professional sports.
- (4) Covered services. – Any service creating sports wagering markets and determination of sports wager outcomes that involves the operation, management, or control of sports wagers authorized by this Article. The term shall not include any of the following:
 - a. Payment processing and similar financial services.



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- b. Customer identity, age verification, and geolocation services.
- c. Streaming or other video and data that does not include the determination of odds or line information.
- d. Telecommunications, internet service providers, and other similar services not specifically designed for sports wagering.
- e. Other goods or services not specifically designed for use in connection with sports wagering.
- (5) Electronic sports. – Leagues, competitive circuits, tournaments, or similar competitions where individuals or teams play video games, typically for spectators, either in person or online, for prizes, money, or entertainment.
- (6) Geofencing. – Technology approved by the Commission and utilized by an interactive sports wagering operator to verify a registered player's geolocation prior to the time the registered player is placing a sports wager.
- (7) Gross wagering revenue. – The total of amounts received by an interactive sports wagering operator from sports wagers as authorized under this Article less the amounts paid as winnings before any deductions for expenses, fees, or taxes.
- (8) Interactive account. – A mobile account established by a registered player for the purpose of placing sports wagers in accordance with this Article.
- (9) Interactive sports wagering operator. – The holder of an interactive sports wagering license issued by the Commission.
- (10) Key person. – An officer or director of a licensee or applicant for licensure who is directly involved in the operation, management, or control of sports wagering authorized under this Article, or who exercises substantial influence or control over the sports wagering activities.
- (11) Official league data. – Statistics, results, outcomes, and other data relating to a sporting event obtained pursuant to an agreement with the relevant sports governing body or an entity expressly authorized by the relevant sports governing body to provide such data.
- (12) Parimutuel wager. – A betting system in which all the bets of a particular type are placed together in a pool and the sports wager is placed against other sports wagers on the same sporting event in which the participants finish in a ranked order.
- (13) Professional sports. – An athletic or sporting competition involving at least two competitors who receive compensation for participating in such event.
- (14) Registered player. – An individual who has established an interactive account with an interactive sports wagering operator.
- (15) Service provider. – A business entity that provides covered services to an interactive sports wagering operator and holds a service provider license.
- (16) Sporting event. – Professional sports, amateur sports, and college sports, all of which may include electronic sports, and any other event approved by the Commission.
- (17) Sports facility. – Any of the following:
- a. A motorsports facility that annually hosts more than one National Association for Stock Car Auto Racing national touring race.
- b. A facility that hosts a professional golf tournament with more than 50,000 live spectators anticipated to attend based on similar prior tournaments.
- c. A facility that is the home location of a professional sports team that competes in any of the following professional leagues:
1. Major League Baseball.

2. Major League Soccer.
 3. National Basketball Association.
 4. National Football League.
 5. National Hockey League.
 6. National Women's Soccer League.
- (18) Sports governing body. – An organization headquartered in the United States that prescribes final rules with respect to a sporting event and enforces the code of conduct for participants therein. In the context of electronic sports, the sports governing body shall be the video game publisher of the title used in the electronic sports competition, regardless of location.
- (19) Sports wager or sports wagering. – Placing of wagers on any of the following: (i) a sporting event, (ii) a portion of a sporting event, or (iii) the individual performance statistics of athletes in a sporting event or combination of sporting events. The term also includes single-game wagers, teaser wagers, parlays, over-under, moneyline, pools, exchange wagering, in-game wagering, in-play wagers, proposition wagers, straight wagers, and any other wager approved by the Commission.
- (20) Sports wagering brand. – The names, logos, and brands that an interactive sports wagering operator advertises, promotes, or otherwise holds out to the public displaying its sports wagering platform.
- (21) Sports wagering platform. – A website, mobile application, or other interactive platform accessible via the internet, mobile, wireless, or similar communication technology that a registered player may use to place sports wagers authorized under this Article.
- (22) Sports wagering supplier. – A person that provides services, goods, software, or other components necessary for the creation of sports wagering markets and determination of sports wager outcomes, directly or indirectly, to any interactive sports wagering operator or service provider involved in the acceptance of sports wagers, including any of the following: providers of data feeds and odds services, internet platform providers, risk management providers, integrity monitoring providers, and other providers of sports wagering supplier services as determined by the Commission. The term does not include a sports governing body that provides raw statistical match data to one or more designated and licensed providers of data and odds services.
- (23) Tier one sports wager. – A sports wager that is determined solely by the final score or final outcome of the sporting event and is placed before the sporting event has begun.
- (24) Tier two sports wager. – Any sports wager that is not a tier one sports wager.
- (25) Tribal gaming enterprise. – A federally recognized Indian tribe that is authorized to conduct Class III games in accordance with the federal Indian Gaming Regulatory Act, 25 U.S.C. § 2701 et seq., in this State or a business entity owned or controlled by such tribe. Any federally recognized tribe, or business entity owned or controlled by the tribe, that is deemed an interactive sports wagering operator under this Article shall include authorization for any technology and sports wagering brand partners of the tribe or the business entity owned or controlled by the tribe, subject to compliance with the terms of this Article by the technology and sports wagering brand partners.
- (26) Youth sports. – An event in which the majority of participants are under the age of 18 or are competing on behalf or under the sponsorship of one or more public or private preschool, elementary, middle, or secondary schools. The term does not include the following:

- a. Professional sports.
- b. Sporting events that occur under the sponsorship or oversight of national or international athletic bodies that are not educational institutions and that include participants both over and under the age of 18.

"§ 18C-902. Authorization of sports wagering generally.

(a) Notwithstanding any provision of Article 37 of Chapter 14 of the General Statutes, sports wagering as authorized by this Article shall not be considered unlawful. All sports wagering authorized under this Article shall be placed via an interactive account or at a place of public accommodation and shall be initiated and received within this State except as provided in G.S. 18C-928. The interactive sports wagering operator shall comply with all of the following:

- (1) Ensure that the registered player is located within the State, and not present on Indian lands within the State, when placing any sports wager, by utilizing geofencing.
- (2) Monitor and block attempts to place unauthorized sports wagers.

(b) This Article does not apply to interactive sports wagering conducted exclusively on Indian lands by an Indian tribe operating in accordance with a Tribal-State gaming compact and authorized to conduct Class III gaming pursuant to a compact with the State. For purposes of this Article, sports wagering is conducted exclusively on Indian lands only if the individual who places the sports wager is physically present on Indian lands when the sports wager is initiated and received by an Indian tribe operating on the same Indian lands in accordance with a Tribal-State gaming compact and in conformity with the safe harbor requirements as provided in 31 U.S.C. § 5362(10)(c).

(c) An interactive sports wagering operator licensed under G.S. 18C-904 shall not, by virtue of such licensure, be authorized to accept any sports wager if the registered player placing the sports wager is physically present on Indian lands when the sports wager is initiated and received. An interactive sports wagering operator licensed under G.S. 18C-904 shall be authorized to accept a sports wager only if the registered player placing the sports wager is physically present in this State when the sports wager is initiated and received. Each interactive sports wagering operator licensed under G.S. 18C-904 shall use geofencing approved by the Commission to ensure compliance with this Article.

(d) Nothing in this Article shall authorize any of the following:

- (1) Sports wagering involving youth sports.
- (2) Sports wagering on any of the following:
 - a. The occurrence of injuries.
 - b. The occurrence of penalties.
 - c. The outcome of disciplinary proceedings against a participant in a sporting event.
 - d. The outcome of replay reviews.
- (3) The Commission serving as an operator of a sports wagering platform.
- (4) The placing of a parimutuel wager.

(e) Nothing in this Article shall apply to fantasy or simulated games or contests in which one or more fantasy contest players compete and winning outcomes reflect the relative knowledge and skill of the fantasy contest players and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sporting events.

(f) Upon request and with reasonable notice, the Commission or the Department of Revenue has the authority to audit any interactive sports wagering operator or its service providers as related to sports wagering activities.

(g) Any sports governing body on whose sporting events sports wagering is authorized by this Article may enter into commercial agreements with interactive sports wagering operators

or other entities in which the sports governing body may share in the amount bet from sports wagering on sporting events of the sports governing body. A sports governing body is not required to obtain a license or any other approval from the Commission to lawfully accept such amounts.

(h) Nothing in this Chapter shall authorize the Commission to establish, require, or enforce a maximum or minimum payout or hold percentage upon any interactive sports wagering operator.

(i) All of the following persons are prohibited from engaging in sports wagering:

(1) Any person under the age of 21.

(2) Any person who has requested and not revoked a voluntary exclusion designation from sports wagering pursuant to G.S. 18C-922.

(3) Any person who has been adjudicated by law as prohibited from engaging in sports wagering.

(4) Any member or employee of the Commission if placing a sports wager in this State.

(5) Any employee or key person of an interactive sports wagering operator or service provider license when placing sports wagers with that interactive sports wagering operator.

(6) With respect to a sporting event, any participant in that sporting event, including an athlete, coach, trainer, official, or any employee or staff of a participant, when placing a sports wager on that sporting event in which that participant is participating.

(7) Any employee or staff of a sports governing body, when placing a sports wager on sporting events with which that individual or sports governing body is affiliated.

"§ 18C-903. Reserved for future codification purposes.

"§ 18C-904. Interactive sports wagering license.

(a) It shall be unlawful for any person to offer or accept sports wagers in this State without a valid interactive sports wagering license. Except as provided in G.S. 18C-928, the Commission shall authorize no more than 12 interactive sports wagering operators to offer and accept sports wagers on sporting events, which shall include any of the following:

(1) Professional sports.

(2) College sports.

(3) Electronic sports.

(4) Amateur sports.

(5) Any other event approved by the Commission in accordance with this Article.

(b) The Commission shall review and issue sports wagering licenses to qualified applicants. The applicant shall complete and submit an application on a form prescribed by the Commission and a licensing fee of one million dollars (\$1,000,000). If the application is denied, the licensing fee shall be refunded, minus any expenses the Commission incurs in reviewing the application.

(c) The application shall set forth all of the following:

(1) The proposed initial business plan, including the range of contemplated types and modes of sports wagering.

(2) The proposed measures to address age and identity verification and geolocation requirements.

(3) The proposed internal controls that will prevent ineligible persons from participating in sports wagering.

(4) A documented history of working to prevent compulsive gambling, including training programs for its employees.

- (5) A written information security program detailing information security governance and the designation of a chief security officer or equivalent.
- (6) The proposed sports wagering brand that the applicant plans to hold out to the public displaying its sports wagering platform.
- (7) Any personal information the Commission may deem necessary concerning the applicant's key persons.
- (8) A documented history of job creation in this State and a plan for continued job creation in this State.
- (9) A documented history of capital investment in this State and a plan for continued capital investment in this State.
- (10) A documented history of partnership with a sports facility, if any, and the intentions of that partnership to offer the placement of sports wagers at a place of public accommodation in accordance with this Article.
- (11) Any other information the Commission may deem necessary.
- (d) The Commission shall conduct a background investigation on the applicant and key persons as deemed necessary by the Commission. The background investigation shall include a credit history check, a tax record check, and a criminal history record check. In the event an applicant and its key persons have had a completed criminal history record check in the 12 months prior to the application, the Commission may, in its discretion, accept the results of that prior criminal history record check upon submission of an affidavit that there has been no change in criminal history since the prior criminal history record check in this or any other state. The Commission shall not award a license if an applicant or any key person of the applicant has been convicted of a felony or any gambling offense in any state or federal court of the United States within 10 years of application or renewal.
- (e) An applicant for licensure and any key person deemed necessary by the Commission shall consent to a criminal history record check and shall submit all necessary fingerprints. Refusal to consent to a criminal history record check may constitute grounds for the Commission to deny licensure.
- (f) The Commission shall grant or deny all applications under this section. The grounds for denial of an interactive sports wagering license shall be the same as in G.S. 18C-906(g). If there are more qualified applicants than the number of interactive sports wagering operators authorized under subsection (a) of this section, the Commission shall select the best qualified applicants, taking into consideration the following factors:
- (1) The contents of the application submitted in accordance with this section.
- (2) The extent to which the applicant demonstrates past experience, financial viability, compliance with applicable laws and regulations in other jurisdictions, and success with sports wagering operations in other jurisdictions.
- (3) The extent to which the applicant is able to meet the duties of an interactive sports wagering operator.
- (4) The amount of gross wagering revenue and associated tax revenue that an applicant is projected to generate.
- (5) The extent to which the applicant, or an affiliate of the applicant, will create jobs in conjunction with sports wagering in this State.
- (6) The extent to which the applicant, or an affiliate of the applicant, has made capital investments in this State, and the timing of such capital investments.
- (7) The extent to which the applicant, or an affiliate of the applicant, has a plan to open and operate a place of public accommodation in accordance with this Article.
- (8) Any other factors the Commission deems relevant.

(g) A person holding a license to conduct sports wagering, on the basis of comparable licensing requirements issued to that person by a proper authority in another state or territory of the United States or the District of Columbia if that jurisdiction's requirements for licensure, certification, or registration are substantially equivalent to or exceed the requirements of this State, and who, in the opinion of the Commission otherwise meets the requirements of this Article based upon verified evidence may, upon application, be licensed as an interactive sports wagering operator with or without further examination, as determined by the Commission. The Commission may also accept another jurisdiction's or approved third party's testing of the interactive sports wagering platform as evidence that the sports wagering platform meets any requirements mandated by the Commission.

(h) The Commission shall review and issue interactive sports wagering licenses to qualified applicants within 60 days of receipt of a completed application. The Commission may extend the review period for an additional 30 days if the background investigation is outstanding. Any denial shall be in writing and state the grounds therefor.

(i) Notwithstanding Chapter 132 of the General Statutes or any other provision of law, only the following documents under this section shall be a public record, with respect to each applicant and each interactive sports wagering operator:

(1) The name, address, and sports wagering platform.

(2) The names of all key persons.

(3) The documented history of working to prevent compulsive gambling, including training programs for its employees.

(4) The proposed sports wagering brand that the applicant plans to hold out to the public displaying its sports wagering platform.

(5) The granting or denial of the application.

(j) Each interactive sports wagering operator shall promptly report all criminal or disciplinary proceedings commenced against that interactive sports wagering operator in connection with its operations to the Commission. Each interactive sports wagering operator shall promptly report to the Commission all changes in key persons, and all new key persons shall consent to a background investigation.

(k) No interactive sports wagering operator license is assignable or transferable without approval of the Commission.

(l) Interactive sports wagering operators shall assure the financial integrity of sports wagering operations by the maintenance of a reserve of not less than five hundred thousand dollars (\$500,000) or the amount required to cover the outstanding liabilities for sports wagers accepted by the interactive sports wagering operator, whichever is greater. The reserve may take the form of a bond, an irrevocable letter of credit, payment processor reserves and receivables, cash or cash equivalents segregated from operational funds, guaranty letter, a combination thereof, or any other means as approved by the Commission. Such reserve shall be adequate to pay winning sports wagers when due. An interactive sports wagering operator is presumed to have met this requirement if the operator maintains, on a daily basis, a minimum reserve in an amount which is at least equal to the average daily minimum reserve, calculated on a monthly basis, for the corresponding month in the previous year. For purposes of this subsection, "outstanding liabilities for sports wagers accepted by an interactive sports wagering operator" shall mean the amounts accepted by the interactive sports wagering operator on sports wagers whose outcomes have not been determined and amounts owed but unpaid on winning sports wagers.

"§ 18C-905. Reserved for future codification purposes.

"§ 18C-906. Applications for service provider licenses.

(a) It shall be unlawful for any person to provide covered services to any interactive sports wagering operator in this State without a valid service provider license. An interactive

1 sports wagering operator who provides covered services in-house shall not be required to have a
2 service provider license in addition to the interactive sports wagering operator license.

3 (b) The Commission shall review and issue service provider licenses to qualified
4 applicants within 60 days of receipt of a completed application. The Commission may extend the
5 review period for an additional 30 days if the background investigation is outstanding. Any denial
6 shall be in writing and state the grounds therefor. The applicant shall submit the completed
7 application, on a form prescribed by the Commission, and the licensing fee of fifty thousand
8 dollars (\$50,000).

9 (c) The application shall set forth all of the following:

10 (1) The applicant's background in sports wagering or the covered service.

11 (2) All experience with sports wagering or other wagering activities in other
12 jurisdictions, including the applicant's history, reputation of integrity and
13 compliance, and a list of all active and inactive licenses, certifications, or
14 registrations and reasons for inactivity, if applicable.

15 (3) A written information security program, detailing information security
16 governance and the designation of a chief security officer or equivalent.

17 (4) Any personal information the Commission may deem necessary concerning
18 the applicant's key persons.

19 (5) Any other information the Commission may deem necessary.

20 (d) The Commission shall conduct a background investigation on the applicant and key
21 persons as deemed necessary by the Commission. The background investigation shall include a
22 credit history check, a tax record check, and a criminal history record check. In the event an
23 applicant and its key persons have had a completed criminal history record check in the 12
24 months prior to the application, the Commission may, in its discretion, accept the results of that
25 prior criminal history record check upon submission of an affidavit that there has been no change
26 in criminal history since the prior criminal history record check in this or any other state. The
27 Commission shall not award a license if the applicant or any key person of the applicant has been
28 convicted of a felony or any gambling offense in any state or federal court of the United States
29 within 10 years of application or renewal.

30 (e) An applicant for licensure and any key person deemed necessary by the Commission
31 shall consent to a criminal history record check and shall submit all necessary fingerprints.
32 Refusal to consent to a criminal history record check may constitute grounds for the Commission
33 to deny licensure.

34 (f) A person holding a service provider license or its equivalent, on the basis of
35 comparable licensing requirements issued to that person by a proper authority by another state or
36 territory of the United States or the District of Columbia if that jurisdiction's requirements for
37 licensure, certification, or registration are substantially equivalent to or exceed the requirements
38 of this State, and who, in the opinion of the Commission otherwise meets the requirements of
39 this Article based upon verified evidence may, upon application, be licensed as a service provider
40 with or without further examination, as determined by the Commission.

41 (g) Grounds for denial of a license may include the following:

42 (1) The applicant is unable to satisfy the requirements under this Article.

43 (2) The applicant or any key person is not of good character, honesty, or integrity.

44 (3) The applicant's or any key person's prior activities, criminal record, reputation,
45 or associations indicate any of the following:

46 a. A potential threat to the public interest.

47 b. The potential to impede the regulation of sports wagering.

48 c. The potential of promoting unfair or illegal activities in the conduct of
49 sports wagering.

- (4) The applicant or any key person knowingly makes a false statement of material fact or deliberately fails to disclose information requested by the Commission.
- (5) The applicant or any key person knowingly fails to comply with the provisions of this Article or any requirements of the Commission.
- (6) The applicant or any key person was convicted of a felony, a crime of moral turpitude, or any criminal offense involving dishonesty or breach of trust within the 10 years prior to the submission date of the application.
- (7) Any revocation, suspension, or denial of the applicant's or key person's license, certification, or registration to conduct sports wagering, other forms of gambling activity, or a covered service issued by any other jurisdiction.
- (8) The applicant has defaulted on any obligation or debt owed to this State.
- (h) Notwithstanding any other provision of law, only the following documents under this section shall be a public record, with respect to each applicant and each service provider:
- (1) The name, address, and sports wagering platform.
- (2) The name of all key persons.
- (3) The granting or denial of the application.
- (i) Each service provider shall promptly report all criminal or disciplinary proceedings commenced against that service provider in connection with its operations to the Commission. Each service provider shall promptly report all changes in key persons to the Commission, and all new key persons shall consent to a background investigation.
- (j) No service provider license is assignable or transferable without approval of the Commission.
- "§ 18C-907. Sports wagering supplier license.**
- (a) The Commission may issue a sports wagering supplier license to a sports wagering supplier. An interactive sports wagering operator who provides covered services in-house shall not be required to have a sports wagering supplier license in addition to the interactive sports wagering operator license.
- (b) At the request of an applicant for a sports wagering supplier license, the Commission may issue a provisional sports wagering supplier license to the applicant so long as the applicant has submitted a completed application in accordance with this section. A provisional license issued under this subsection expires on the date provided by the Commission.
- (c) A person may apply to the Commission for a sports wagering supplier license as provided in this Article.
- (d) The applicant shall complete and submit an application on a form prescribed by the Commission and a licensing fee of thirty thousand dollars (\$30,000). In the application, the Commission shall require applicants to disclose the identity of each of the following:
- (1) The applicant's principal owners who directly own ten percent (10%) or more of the applicant.
- (2) Each holding, intermediary, or parent company that directly owns fifteen percent (15%) or more of the applicant.
- (3) The applicant's board appointed CEO and CFO, or the equivalent as determined by the Commission.
- (4) Any other information the Commission may deem necessary.
- (e) The Commission shall conduct a background investigation on the applicant, key persons of the applicant, and current employees of the applicant, as deemed necessary by the Commission. The background investigation shall include a credit history check, a tax record check, and a criminal history record check. In the event an applicant and its key persons have had a completed criminal history record check in the 12 months prior to the application, the Commission may, in its discretion, accept the results of that prior criminal history record check upon submission of an affidavit that there has been no change in criminal history since the prior

1 criminal history record check in this or any other state. The Commission may not award a license
2 if the applicant or a key person of the applicant has been convicted of a felony or any gambling
3 offense in any state or federal court of the United States within 10 years of application or renewal.

4 (f) An applicant for licensure and any key person deemed necessary by the Commission
5 shall consent to a criminal history record check and shall submit all necessary fingerprints.
6 Refusal to consent to a criminal history record check may constitute grounds for the Commission
7 to deny licensure.

8 (g) The Commission shall review and issue licenses to qualified applicants within 60 days
9 of receipt of a completed application. The Commission may extend the review period for an
10 additional 30 days if the background investigation is outstanding.

11 (h) In disclosing the principal owners of the applicant, the following shall apply:

12 (1) Governmental created entities, including statutory authorized pension
13 investment boards and Canadian Crown corporations, that are direct or
14 indirect shareholders of an applicant shall be waived in the applicant's
15 disclosure of ownership and control as determined by the Commission.

16 (2) Investment funds or entities registered with the Securities and Exchange
17 Commission, including Investment Advisors and entities under the
18 management of the Securities and Exchange Commission, that are direct or
19 indirect shareholders of the applicant shall be waived in the applicant's
20 disclosure of ownership and control as determined by the Commission.

21 (i) A sports wagering supplier license or a provisional sports wagering supplier license
22 shall be sufficient to offer the sports wagering services under this Article.

23 (j) A person holding a sports wagering supplier license or its equivalent, on the basis of
24 comparable licensing requirements issued to that person by a proper authority by another state or
25 territory of the United States or the District of Columbia if that jurisdiction's requirements for
26 licensure, certification, or registration are substantially equivalent to or exceed the requirements
27 of this State, and who, in the opinion of the Commission otherwise meets the requirements of
28 this Article based upon verified evidence may, upon application, be licensed as a sports wagering
29 supplier with or without further examination, as determined by the Commission.

30 (k) Each sports wagering supplier shall promptly report all criminal or disciplinary
31 proceedings commenced against that sports wagering supplier in connection with its operations
32 to the Commission. Each sports wagering supplier shall promptly report to the Commission all
33 changes in key persons, and all new key persons shall consent to a background investigation.

34 (l) Notwithstanding any other provision of law, only the following documents under this
35 section shall be a public record, with respect to each applicant and each sports wagering supplier:

36 (1) The name, address, and sports wagering platform.

37 (2) The name of all key persons.

38 (3) The granting or denial of the application.

39 (m) No sports wagering supplier license is assignable or transferable without approval of
40 the Commission.

41 **"§ 18C-908. Renewals of licenses.**

42 (a) Any license issued pursuant to this Article shall be valid for five years.

43 (b) At least 60 days prior to the expiration of a license, the license holder shall submit a
44 renewal application, on a form prescribed by the Commission, including a renewal fee as follows:

45 (1) One million dollars (\$1,000,000) for an interactive sports wagering license.

46 (2) Fifty thousand dollars (\$50,000) for a service provider license.

47 (3) Thirty thousand dollars (\$30,000) for a sports wagering supplier license.

48 (c) The Commission may revoke or deny a license renewal for any of the following
49 reasons:

50 (1) The same grounds that would constitute denial of an initial application under
51 G.S. 18C-906(g).

(2) A violation of this Article.

(3) Failure to pay the tax imposed under Article 2E of Chapter 105 of the General Statutes.

(d) With respect to interactive sports wagering operators, the Commission may deny a license renewal if the Commission finds good cause that the licensee has materially not complied with the provisions of this Article.

"§ 18C-909. Use of proceeds.

(a) The Commission shall use the funds remitted to it pursuant to G.S. 105-113.128 and any proceeds from license fees collected under this Article to cover expenses in administering this Article. Any proceeds remaining at the end of each fiscal year after payment of expenses of the Commission pursuant to this section shall be remitted to the General Fund.

(b) Expenses of the Commission shall include all items listed in G.S. 18C-163.

"§ 18C-910. Duties of licensees.

(a) The interactive sports wagering operator and its service providers shall make commercially reasonable efforts to do all of the following:

(1) Prevent persons who are not registered players from placing sports wagers through its sports wagering platform.

(2) Prevent persons who are not physically located in the State from placing a wager through its sports wagering platform.

(3) Protect the confidential information of registered players using its sports wagering platform.

(4) Prevent sports wagering on prohibited events set forth in this Article or as otherwise determined by the Commission.

(5) Prevent persons from placing sports wagers as agents or proxies for others.

(6) Allow persons to voluntarily exclude themselves under G.S. 18C-922 from placing sports wagers through its sports wagering platform as set forth in this Article.

(7) Establish procedures to detect suspicious or illegal sports wagering activity.

(8) Provide for the reporting of income tax on winnings where required by applicable State or federal law.

(9) Prevent a participant in a sporting event, including an athlete, coach, trainer, official, or any employee or staff of a participant from placing a sports wager on that sporting event in which the participant is participating.

(10) Verify the location of the sports wagerer at the time the sports wager is initiated and received for compliance with G.S. 18C-902(c).

(b) For three years after a sporting event occurs, interactive sports wagering operators shall maintain records on all of the following:

(1) Each sports wager, including the identity of the individual placing the sports wager.

(2) The amount, type, time, location, and outcome of the sports wager, including the IP address, if available.

(3) Suspicious or illegal sports wagering activity.

(c) The interactive sports wagering operator shall disclose the records described in subsection (b) of this section to the Commission upon request.

(d) If a sports governing body has notified the Commission that real-time information sharing for sports wagers placed on its sporting events is necessary, interactive sports wagering operators shall share with that sports governing body or its designee in real time, at the account level, anonymized information regarding a registered player, amount and type of sports wager, the time the sports wager was placed, the location of the registered player at the time the sports wager was placed, the IP address if applicable, the outcome of the sports wager, and records of abnormal sports wagering activity. For purposes of this subsection, real time means on a

commercially reasonable periodic interval, but in any event, not less than once every 72 hours.
A sports governing body receiving any information pursuant to this subsection shall use the information for the purpose of integrity monitoring only and not for any commercial purpose.

(e) In advertising its sports wagering platform, the interactive sports wagering operator shall ensure that its advertisements meet all of the following requirements:

(1) It does not target persons under the age of 21.

(2) It discloses the identity of the interactive sports wagering operator.

(3) It provides information about or links to resources related to gambling addiction and prevention.

(4) It is not misleading to a reasonable person.

(f) Background investigations shall search for criminal history and any charges or convictions involving corruption or manipulation of sporting events and association with organized crime.

(g) Interactive sports wagering operators and service providers shall employ commercially reasonable methods to maintain the security of wagering data, registered player and other customer data, and any other confidential information, including information provided by a sports governing body, from unauthorized access and dissemination. All servers necessary to the placement or resolution of a sports wager, other than back-up servers, shall be physically located in this State. Consistent with federal law, nothing in this section shall preclude the use of internet or cloud-based hosting, or the use of back-up servers located outside of this State.

(h) Each interactive sports wagering operator shall provide a daily summary of all sports wagering activity, detailing all transactions processed through each wagering system, provided in a format established by the Commission, at the close of each business day.

"§ 18C-911. Reserved for future codification purposes.

"§ 18C-912. Establishment of interactive accounts.

(a) Only a registered player shall be permitted to establish an interactive account with an interactive sports wagering operator. The interactive sports wagering operator is responsible for verifying the identity of the registered player and ensuring that the registered player is at least 21 years of age. The registered player shall be permitted to deposit cash or cash equivalents into the interactive account.

(b) A registered player may not have more than one interactive account with each interactive sports wagering operator.

(c) An interactive account shall meet all of the following requirements:

(1) Be registered in the name of the registered player, who is a natural person.

(2) Be established through the interactive sports wagering operator's sports wagering platform.

(3) Be funded with cash or cash equivalents online or placed at a sports facility as provided in G.S. 18C-926.

(4) Prohibit the transfer or sale of an account or account balance.

(5) Prohibit the use of any virtual private network or other technology that may obscure or falsify the registered player's physical location.

(6) Prohibit any form of collusion, cheating, or other unlawful activity.

(7) Affirm that the registered player meets all eligibility requirements for registration.

(8) Authorize the provision of notices and other required communications either through a designated mobile or other interface or to an electronic mail address designated by the registered player.

(d) The interactive sports wagering operator shall put in place sufficient measures to verify the age and identity of the registered player needed to allow the establishment of interactive accounts remotely.

(e) An interactive account held by a registered player in this State may be suspended or terminated by the interactive sports wagering operator under any of the following conditions:

- (1) The registered player has provided any false or misleading information in connection with the opening of the account, or has engaged in collusion, cheating, or other unlawful conduct.
- (2) The registered player is barred from placing sports wagers in the State.
- (3) The registered player is or otherwise becomes ineligible pursuant to this Article.
- (4) For any other reason at the sole discretion of the interactive sports wagering operator, provided it is not in violation of federal or State law.

(f) In the event of termination of the interactive account in accordance with this section, the registered player shall be provided timely ability to access and withdraw any funds remaining in the interactive account.

"§ 18C-913. Reserved for future codification purposes.

"§ 18C-914. Integrity of competition and prohibited events.

(a) A sports governing body may submit to the Commission in writing a request to restrict, limit, or exclude a certain type, form, or category of sports wagering with respect to sporting events of such body, if the sports governing body believes that such type, form, or category of sports wagering with respect to sporting events of such body may undermine the integrity or perceived integrity of such body or sporting events of such body. The Commission shall request comment from interactive sports wagering operators on all such requests. After giving due consideration to all comments received, the Commission shall, upon a demonstration of good cause from the requestor that such type, form, or category of sports wagering is likely to undermine the integrity or perceived integrity of such body or sporting events of such body, grant the request. The Commission shall respond to a request concerning a particular event before the start of the event, or if it is not feasible to respond before the start of the event, no later than seven days after the request is made. If the Commission determines that the requestor is more likely than not to prevail in successfully demonstrating good cause for its request, the Commission may provisionally grant the request of the sports governing body until the Commission makes a final determination as to whether the requestor has demonstrated good cause. Absent such a provisional grant by the Commission, sports wagering operators may continue to offer sports wagering on sporting events that are the subject of such a request during the pendency of the Commission's consideration of the applicable request.

(b) The Commission and interactive sports wagering operators shall cooperate with investigations conducted by sports governing bodies or law enforcement agencies, including using commercially reasonable efforts to provide or facilitate the provision of sports wagering information. All disclosures under this section are subject to an interactive sports wagering operator's obligations to comply with all federal, State, and local laws and regulations, including those relating to privacy and personally identifiable information.

(c) Interactive sports wagering operators are not required to use official league data for determining any of the following:

- (1) The results of tier one sports wagers on sporting events of any organization whether headquartered in the United States or elsewhere.
- (2) The results of tier two sports wagers on sporting events of organizations that are not headquartered in the United States.

(d) A sports governing body may notify the Commission that it desires interactive sports wagering operators to use official league data to settle tier two sports wagers on sporting events of such sports governing body. Notification shall be made in the form and manner as the Commission may require. The Commission shall notify each interactive sports wagering operator of a sports governing body's notification within five days of the Commission's receipt of the notification. If a sports governing body does not so notify the Commission, an interactive sports

wagering operator is not required to use official league data for determining the results of tier two sports wagers on sporting events of that sports governing body.

(e) Within 60 days of the Commission notifying each interactive sports wagering operator of a sports governing body notification to the Commission, or longer period as may be agreed between the sports governing body and the applicable interactive sports wagering operator, interactive sports wagering operators shall use only official league data to determine the results of tier two sports wagers on sporting events of that sports governing body, unless any of the following apply:

- (1) The sports governing body or its designee cannot provide a feed of official league data to determine the results of a particular type of tier two sports wager, in which case interactive sports wagering operators are not required to use official league data for determining the results of the applicable tier two sports wager until such time as such a data feed becomes available from the sports governing body on commercially reasonable terms and conditions.
- (2) An interactive sports wagering operator can demonstrate to the Commission that the sports governing body or its designee will not provide a feed of official league data to the interactive sports wagering operator on commercially reasonable terms and conditions.
- (3) The designee of the sports governing body does not obtain a sports wagering supplier license from the Commission to provide official league data to interactive sports wagering operators to determine the results of tier two sports wagers, if and to the extent required by law.

(f) During the pendency of the Commission's determination as to whether a sports governing body or its designee will provide a feed of official league data on commercially reasonable terms, an interactive sports wagering operator is not required to use official league data for determining the results of tier two sports wagers. The Commission's determination shall be made within 60 days of the interactive sports wagering operator notifying the Commission that it desires to demonstrate that the sports governing body or its designees will not provide a feed of official league data to the sports wagering operator on commercially reasonable terms. The following is a non-exclusive list of factors the Commission may consider in evaluating whether official league data is being offered on commercially reasonable terms and conditions for purposes of this subsection and subsections (d) and (e) of this section:

- (1) The extent to which interactive sports wagering operators have purchased the same or similar official league data on the same or similar terms, particularly in jurisdictions where such purchase was not required by law, or was required by law, but only if offered on commercially reasonable terms.
- (2) The nature and quantity of the official league data, including its speed, accuracy, reliability, and overall quality, as compared to comparable non-official data.
- (3) The quality and complexity of the process used to collect and distribute the official league data as compared to comparable non-official data.
- (4) The availability of a sports governing body's tier two official league data to an interactive sports wagering operator from more than one authorized source.
- (5) Market information, including price and other terms and conditions, regarding the purchase by interactive sports wagering operators of comparable data for the purpose of settling sports wagers in this State and other jurisdictions.
- (6) The extent to which sports governing bodies or their designees have made data used to settle tier two sports wagers available to interactive sports wagering operators and any terms and conditions relating to the use of that data.
- (7) Any other information the Commission deems relevant.

(g) Interactive sports wagering operators shall, as soon as practicable, report to the Commission any information relating to abnormal betting activity or patterns that may indicate a concern with the integrity of a sporting event or events, or any other conduct that corrupts a sports wagering outcome of a sporting event or events for purposes of financial gain, including match fixing. The interactive sports wagering operator making such a report shall also simultaneously report such information to the relevant sports governing body.

"§ 18C-915. Reserved for future codification purposes.

"§ 18C-916. Civil penalties; suspension and revocation of licenses.

If the Commission determines that the holder of a license under this Article has violated any provision of this Article, the Commission, with at least 15 days' notice and a hearing, may do either or both of the following:

(1) Suspend or revoke the license.

(2) Impose a monetary penalty of not more than ten thousand dollars (\$10,000) for each violation.

"§ 18C-917. Reserved for future codification purposes.

"§ 18C-918. Criminal penalties.

(a) Any person who knowingly offers or engages in sports wagering in violation of this Article shall be guilty of a Class 2 misdemeanor.

(b) Any person under the age of 21 who engages in sports wagering as defined under this Article shall be guilty of a Class 2 misdemeanor.

(c) Any person who knowingly attempts to suborn, collude, or otherwise conspire to influence the outcome of any competition or aspect of any competition that is the subject of sports wagering pursuant to this Article shall be guilty of a Class G felony.

(d) Any applicant for an interactive sports wagering license, a service provider license, or sports wagering supplier license who willfully furnishes, supplies, or otherwise gives false information on the license application shall be guilty of a Class I felony.

(e) Nothing in this Article shall be construed to allow the interactive sports wagering operator or its service providers to be charged with a violation of subsection (a) or (c) of this section absent actual notice and knowledge that a person is under age or giving false information.

"§ 18C-919. Reserved for future codification purposes.

"§ 18C-920. Reserved for future codification purposes.

"§ 18C-921. Reserved for future codification purposes.

"§ 18C-922. Voluntary exclusion program.

(a) The Commission shall establish a voluntary exclusion program for any individual to voluntarily exclude themselves from placing sports wagers under this Article and pari-mutuel wagers under Article 10 of this Chapter. Interactive sports wagering operators shall use reasonable means to comply with the exclusion of individuals participating in the voluntary exclusion program by the Commission.

(b) The Commission shall adopt rules to establish the voluntary exclusion program, which shall provide for all of the following:

(1) Verification of the individual's request to be placed in the voluntary exclusion program, and for how long, up to and including that individual's lifetime.

(2) How information regarding which individuals are in the voluntary exclusion program is to be disseminated to the interactive sports wagering operators.

(3) How an individual in the voluntary exclusion program may petition the Commission for removal from the voluntary exclusion program.

(4) The means by which the interactive sports wagering operators and their agents shall make all reasonable efforts to cease direct marketing efforts to individuals participating in the voluntary exclusion program.

(5) The means by which the Commission shall make available to all interactive sports wagering operators and their agents the names of the individuals

participating in the voluntary exclusion program, which shall be at least quarterly.

(c) Participation in the voluntary exclusion program shall not preclude an interactive sports wagering operator and its agents from seeking the payment of a debt accrued by the individual while not participating in the voluntary exclusion program.

(d) The voluntary exclusion program shall be exempt from Chapter 132 of the General Statutes and shall be treated as confidential by each interactive sports wagering operator. An interactive sports wagering operator conducting sports wagering in another state may share the information provided under this section with its agents and affiliates in other states for excluding individuals participating in the voluntary exclusion program.

"§ 18C-923. Reserved for future codification purposes.

"§ 18C-924. Risk management.

The Commission shall adopt rules permitting, but not requiring, interactive sports wagering operators and their service providers to employ systems that offset loss or manage or lay off risk in the operation of sports wagering pursuant to this Article, including through liquidity pools, exchanges, or similar mechanisms in another approved jurisdiction in which the interactive sports wagering operator, service provider, or an affiliate of either or other third party also holds a license or the equivalent, provided that at all times adequate protections are maintained to ensure sufficient funds are available to pay all winnings.

"§ 18C-925. Reserved for future codification purposes.

"§ 18C-926. Places of public accommodation.

(a) Permanent places of public accommodation for the purpose of placing sports wagers may be associated with each sports facility.

(b) Permanent places of public accommodation permitted under this section shall be located as follows:

(1) On the property of the sports facility.

(2) No more than one place of public accommodation may be on other property owned or controlled by the owner or operator of the sports facility or an affiliated entity of the owner or operator of the sports facility that is located within a one-half mile radius of a sports facility as defined in G.S. 18C-901(17)a. or G.S. 18C-901(17)c.

(3) No more than one place of public accommodation may be on other property owned or controlled by the owner or operator of the sports facility that is located within a one and one-half mile radius of a sports facility as defined in G.S. 18C-901(17)b.

(c) Nothing in this section shall be construed to exempt a place of public accommodation from the provisions of any other law that may be enforceable.

(d) Mobile devices, computer terminals, similar devices, and cashiers used to operate the place of public accommodation shall have the ability to accept cash and cash equivalents and to distribute cash or cash equivalents. Only a cashier may distribute cash or cash equivalents at a place of public accommodation. All cashiers that accept or distribute cash or cash equivalents shall be employees of an interactive sports wagering operator.

(e) A place of public accommodation under this section may be advertised by the owner or operator of the sports facility.

(f) Notwithstanding subsections (a) through (c) of this section, if a permanent place of public accommodation is not located at the sports facility as defined in G.S. 18C-901(17)b. that hosts the professional golf tournament, no more than one temporary place of public accommodation may be established at the sports facility as defined in G.S. 18C-901(17)b. during the professional golf tournament. The temporary place of public accommodation need not comply with local ordinances under Chapter 160D of the General Statutes. For purposes of this subsection, "temporary" shall mean opening no more than five calendar days prior to the

professional golf tournament and closing no later than five calendar days after the professional golf tournament.

(g) Notwithstanding any other provision of this section, no sports facility shall be open for placing sports wagers during the eight hours before or during any college sports events at the sports facility or adjacent to the sports facility.

(h) The Commission may adopt rules as necessary governing the placement of any place of public accommodation on the property of a sports facility.

"§ 18C-927. Reserved for future codification purposes.

"§ 18C-928. Compliance with federal law; Indian gaming.

(a) Consistent with the intent of the United States Congress as articulated in the Unlawful Internet Gambling Enforcement Act of 2006 (31 U.S.C. § 5361 et seq.), the intermediate routing of electronic data relating to intrastate sports wagering authorized under this Article shall not determine the location or locations in which such sports wagers are initiated and received.

(b) All activities authorized by this Article shall be deemed to be conducted solely under the authority of this Article and not under the federal Indian Gaming Regulatory Act, 25 U.S.C. § 2701 et seq.

(c) A tribal gaming enterprise shall be deemed a licensed interactive sports wagering operator upon the occurrence of all of the following:

(1) Submission of a completed application to the Commission.

(2) Agreement by the tribal gaming enterprise, in a form as prescribed by the Commission, to all of the following:

a. Adherence to the requirements of this Article and to the regulations adopted by the Commission with respect to sports wagering.

b. Submission to the Commission's enforcement of this Article and any implementation of the rules, including waiver of any applicable tribal sovereign immunity for the sole and limited purpose of such enforcement.

c. Collection and payment of all taxes imposed under Article 2E of Chapter 105 of the General Statutes.

d. Not offering or conducting any interactive gambling other than the interactive sports wagering authorized by this Article unless specifically otherwise authorized by law.

e. Location of any server or other information technology equipment directly related to the placing of sports wagers that is used by the tribal gaming enterprise and its agents to accept interactive sports wagering authorized by this Article on land that is not Indian lands. Upon request, make accessible any server or other information technology equipment directly related to the placing of sports wagers by the Commission, the Department of Revenue, and State law enforcement. The location of all other technology and servers used by a tribal gaming enterprise in connection with sports wagering authorized by this act shall be approved by the Commission.

(d) Any federally recognized tribe, or business entity owned or controlled by the tribe, that is deemed an interactive sports wagering operator under this Article shall include authorization for any technology and sports wagering brand partners of the tribe or the business entity owned or controlled by the tribe, subject to compliance with the terms of this Article by the technology and sports wagering brand partners. A tribal gaming enterprise deemed an interactive sports wagering operator under this section shall not count toward the total number of authorized interactive sports wagering operators in this State in accordance with G.S. 18C-904."

SECTION 2. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2L. North Carolina Major Events, Games, and Attractions Fund.

"§ 143B-437.110. Legislative findings and purpose.

The General Assembly finds that:

- (1) It is the policy of the State of North Carolina to stimulate economic activity and to create new jobs for the citizens of the State by encouraging and promoting the attraction of major events to the State that spur economic activity by attracting out-of-state visitors to the State and thereby promoting the travel and tourism industries within the State.
- (2) The purpose of this Part is to stimulate economic activity and to create new jobs within the State.
- (3) The enactment of this Part will maintain consistency and accountability in a key economic development program and will ensure that the program benefits the State and its citizens.
- (4) Nothing in this Part shall be construed to constitute a guarantee or assumption by the State of any debt of any business or to authorize the taxing power or the full faith and credit of the State to be pledged.

"§ 143B-437.111. Definitions.

The following definitions apply in this Part:

- (1) Fund. – The North Carolina Major Events, Games, and Attractions Fund established under G.S. 143B-437.112.
- (2) Local entity. – A city, county, or local organizing committee.
- (3) Local organizing committee. – A nonprofit corporation or its successor in interest that satisfies one of the following conditions:
 - a. It has been authorized by a city, county, or more than one city or county acting collectively to pursue an application and bid on the applicant's behalf to a site selection organization for selection as the site of a major event.
 - b. With the authorization of a city, county, or more than one city or county acting collectively, it has executed an agreement with a site selection organization regarding a bid to host a major event.
- (4) Major event. – An entertainment, musical, political, sporting, or theatrical event that satisfies the following conditions:
 - a. The event is either of the following:
 1. Held at a sports facility.
 2. Sponsored by the National Association for Stock Car Racing, the Ladies Professional Golf Association, the Professional Golfers' Association of America, the PGA Tour, or the United States Golf Association.
 - b. The event is not held more often than annually.
 - c. The location of the event is determined by a site selection organization through a competitive process.
 - d. The site selection organization considered multiple sites located outside of the State for the event.
 - e. The site selection organization selected a site within this State as the sole location for the event.
- (5) Site selection organization. – The organization responsible for determining the site of a major event.
- (6) Sports facility. – As defined in G.S. 18C-901.

"§ 143B-437.112. North Carolina Major Events, Games, and Attractions Fund.

- (a) There is established the North Carolina Major Events, Games, and Attractions Fund to be administered by the Department. In order to foster job creation and investment in the

economy of this State, the Department may enter into multiparty agreements with site selection organizations and local entities to provide grants in accordance with the provisions of this Part. Before entering into an agreement, the Department must find that all of the following conditions are met:

- (1) The economic activity directly or indirectly attributable to the major event is sufficient to justify the use of State funds to attract or retain the event in this State.
- (2) It is anticipated that the major event will provide positive media exposure for the State, thereby supplementing the State's efforts to promote travel and tourism within the State.
- (3) The site selection organization must have considered multiple sites located outside of the State for the event.
- (4) The site selection organization has selected a site within this State as the sole location for the event.
- (5) The event is not held more often than annually.
- (6) The project will benefit the people of this State by increasing opportunities for employment and by strengthening this State's economy.
- (7) The project is consistent with economic development goals for the State and for the area where it will be located.
- (8) A grant under this Part is necessary to attract or retain the major event within this State.
- (9) The total benefits of the major event to the State outweigh its costs and render the grant appropriate for the major event.

(b) Effective July 1 of each calendar year, the funds remitted to the Fund by the Secretary of Revenue from the tax on sports wagering pursuant to G.S. 105-113.128 are appropriated for this purpose. In addition to the amounts remitted to the Fund pursuant to G.S. 105-113.128, the General Assembly shall determine any additional amount appropriated to the Fund. Agreements entered under this section are subject to appropriations.

"§ 143B-437.113. Applications; reports; study.

(a) Application. – A local entity shall apply to the Department for a grant on a form prescribed by the Department that includes at least all of the following:

- (1) The name or nature of the major event.
- (2) A complete listing of all local entities associated with the application.
- (3) To the extent known by the local entity, information concerning other locations, including locations in other states and countries, being considered for the major event and the nature of any governmental assistance available to support the major event were it to be located in one of those locations.
- (4) Information concerning any other State or local government assistance for which the local entity is applying or that it has an expectation of receiving.
- (5) Any other information necessary for the Department to evaluate the application.

(b) Annual Reports. – The Department shall publish a report on the Fund on or before April 30 of each year. The Department shall submit the report electronically to the House of Representatives Finance Committee, the Senate Finance Committee, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division. The report shall include all of the following:

- (1) A listing of each grant awarded under this Part during the preceding calendar year.
- (2) An update on the status of major events for which grants have been awarded but that have not yet occurred.

(3) For the first annual report after adoption of the guidelines developed by the Department to implement this Part, a copy of the guidelines, and for subsequent reports, identification of any changes to those guidelines from the previous annual report.

(4) The geographic distribution of grants, by number and amount, awarded under the program.

(5) A listing of all local entities making an application under this Part and an explanation of whether a site selection organization located the major event in this State regardless of whether a grant for the event was awarded under this Part.

(c) Study. – The Department shall conduct a study to determine the minimum funding level required to implement the Fund successfully. The Department shall report the results of this study to the House of Representatives Finance Committee, the Senate Finance Committee, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division no later than April 1 of each year.

"§ 143B-437.114. Program guidelines.

The Department, in conjunction with the Governor's Office, shall develop guidelines related to the administration of the Fund, the selection of projects to receive allocations from the Fund, and the disbursement of a grant under the Fund. At least 20 days before the effective date of any guidelines or nontechnical amendments to guidelines, the Department must publish the proposed guidelines on the Department's website and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department must accept oral and written comments on the proposed guidelines during the 15 business days beginning on the first day that the Department has completed these notifications. For the purpose of this section, a technical amendment is either of the following:

(1) An amendment that corrects a spelling or grammatical error.

(2) An amendment that makes a clarification based on public comment and could have been anticipated by the public notice that immediately preceded the public comment."

SECTION 3. Chapter 18C of the General Statutes is amended by adding a new Article to read:

"Article 10.

"Pari-Mutuel Wagering.

"§ 18C-1000. Reserved for future codification purposes.

"§ 18C-1001. Definitions.

As used in this Article, the following definitions apply:

(1) Advance deposit account wager or advance deposit account wagering. – A pari-mutuel wager on horse races in accordance with 15 U.S.C. Chapter 57 and the rules adopted by the Commission.

(2) ADW licensee. – Any person or entity licensed by the Commission in accordance with this Article.

(3) Pari-mutuel wager or pari-mutuel wagering. – A form of wagering on the outcome of horse races, whether live, simulcast at a simulcast facility, or previously run, in which wagers are made on one or more horses and all wagers are pooled and held by the host of the race or the ADW licensee for distribution.

(4) Simulcast. – The telecast of live audio and visual signals of horse races for the purpose of pari-mutuel wagering.

(5) Simulcast facility. – Any facility approved by the Commission to simulcast horse racing and conduct pari-mutuel wagering through an ADW licensee.

1 "§ 18C-1002. Reserved for future codification purposes.

2 "§ 18C-1003. Reserved for future codification purposes.

3 "§ 18C-1004. Reserved for future codification purposes.

4 "§ 18C-1005. Licensure of ADW licensees.

5 (a) It shall be unlawful for any person to offer or accept advance deposit account wagers
6 in this State unless such person is an ADW licensee.

7 (b) Any person desiring to accept, or offer to accept, advance deposit account wagers as
8 an ADW licensee in this State shall submit an application on a form prescribed by the
9 Commission along with an application fee of one million dollars (\$1,000,000).

10 (c) The application shall contain the following information:

11 (1) The name and address of the applicant.

12 (2) If the applicant is a business entity, the state of the entity's incorporation or
13 organization, the full name and address of each officer or director, and, if a
14 foreign business entity, whether it is qualified to do business in this State.

15 (3) The name and address of each shareholder, member, or partner of the business
16 entity constituting a majority of the ownership and each person who has
17 contracted for a pecuniary interest in the applicant that individually or
18 collectively constitute majority ownership.

19 (4) A description of the means through which parimutuel wagers will be offered,
20 accepted, and processed.

21 (5) Whether the annual fee required under G.S. 18C-1010 will be paid on a fiscal
22 year basis or a calendar year basis; and if on a fiscal year basis, the dates of
23 the fiscal year.

24 (6) Information relating to the financial responsibility of the applicant as the
25 Commission deems necessary.

26 (7) Any other information the Commission may deem necessary.

27 (d) The Commission shall conduct a background investigation on the applicant and any
28 person required to be disclosed on the application; such individuals shall consent to a background
29 check. The background investigation shall include a credit history check, a tax record check, and
30 a criminal history record check. The Commission may not award a license if the applicant or a
31 person required to be disclosed on the application has been convicted of a felony or any gambling
32 offense in any state or federal court of the United States within 10 years of the application.

33 (e) The Commission shall grant or deny all applications under this section. Licenses
34 issued pursuant to this section are valid for five years. To renew an existing license, an ADW
35 licensee shall submit an application in accordance with this section no later than 60 days prior to
36 the expiration of the current license, along with the application fee, to the Commission.

37 (f) The Commission shall review each ADW licensee annually to ensure that each
38 licensee is acting in accordance with this Article and any rules adopted by the Commission
39 pursuant to this Article. If the Commission determines that an ADW licensee is in violation of
40 this Article or any rules adopted pursuant to this Article, the Commission may suspend or revoke
41 the license of the ADW licensee.

42 "§ 18C-1006. Reserved for future codification purposes.

43 "§ 18C-1007. Reserved for future codification purposes.

44 "§ 18C-1008. Reserved for future codification purposes.

45 "§ 18C-1009. Reserved for future codification purposes.

46 "§ 18C-1010. Annual fee for ADW licensees.

47 (a) Each ADW licensee shall pay an annual fee to the Commission in order to maintain
48 their license. The fee is one percent (1%) of the total pari-mutuel wagers placed by residents of
49 this State accepted by the ADW licensee in the applicable year.

50 (b) The fee shall be paid within four calendar weeks of the close of the ADW licensee's
51 fiscal or calendar year. The ADW licensee shall designate whether they the annual fee required

under this section is payable on a fiscal year basis or a calendar year basis at the time the ADW licensee applies for a license under G.S. 18C-1005. Once made, the designation is irrevocable during the term of the license.

(c) The proceeds of any annual fees collected under this section shall be used to offset the cost of administering the provisions of this Article and Article 9 of this Chapter. Any proceeds remaining at the end of each fiscal year after payment of expenses of the Commission pursuant to this section shall be remitted to the General Fund, however, the Commission may retain any amount reasonably necessary to cover future expenses of the Commission related to administering the provisions of this Article and Article 9 of this Chapter.

(d) The Commission may suspend or revoke the license of an ADW licensee for failure to timely pay the annual fee required under this section.

"§ 18C-1011. Reserved for future codification purposes.

"§ 18C-1012. Reserved for future codification purposes.

"§ 18C-1013. Reserved for future codification purposes.

"§ 18C-1014. Reserved for future codification purposes.

"§ 18C-1015. Wagering.

(a) An individual resident of this State desiring to place pari-mutuel wagers shall establish an account with an ADW licensee for that purpose. The ADW licensee is responsible for verifying the identity of the individual and ensuring that the individual is at least 21 years of age.

(b) The following are prohibited from engaging in pari-mutuel wagering under this Article:

(1) Any person under the age of 21.

(2) Any person who has been adjudicated by law as prohibited from engaging in pari-mutuel wagering.

(3) Any member or employee of the Commission. The Commission shall provide a list of individuals subject to this subdivision to each ADW licensee at least quarterly.

(4) Any person who has requested and not revoked a voluntary exclusion designation from sports wagering pursuant to G.S. 18C-922. Participation in the voluntary exclusion program shall not preclude an ADW and its agents from seeking the payment of a debt accrued by the individual while not participating in the voluntary exclusion program.

(c) An ADW licensee shall make commercially reasonable efforts to ensure that any prohibited person under this section is prevented from placing a pari-mutuel wager with the ADW licensee.

(d) Any member of the Commission determined to have placed a pari-mutuel wager with an ADW licensee shall be deemed to have resigned from the Commission as of the time the pari-mutuel wager is placed. Any employee of the Commission determined to have placed a pari-mutuel wager with an ADW licensee is subject to disciplinary action.

(e) Notwithstanding any other provision of law, an individual shall be permitted to place wagers on previously run horse races when physically located at a facility conducting a live horse race in this State.

"§ 18C-1016. Reserved for future codification purposes.

"§ 18C-1017. Reserved for future codification purposes.

"§ 18C-1018. Reserved for future codification purposes.

"§ 18C-1019. Reserved for future codification purposes.

"§ 18C-1020. Criminal penalties.

(a) Any person who knowingly offers or engages in pari-mutuel wagering in violation of this Article shall be guilty of a Class 2 misdemeanor.

(b) Any person under the age of 21 who engages in pari-mutuel wagering as defined under this Article shall be guilty of a Class 2 misdemeanor.

(c) Any person who knowingly attempts to suborn, collude, or otherwise conspire to influence the outcome of any competition or aspect of any competition that is the subject of pari-mutuel wagering pursuant to this Article shall be guilty of a Class G felony.

(d) Any person applying to become an ADW licensee who willfully furnishes, supplies, or otherwise gives false information on the license application shall be guilty of a Class I felony.

(e) Nothing in this Article shall be construed to allow the ADW licensee to be charged with a violation of subsection (a) or (c) of this section absent actual notice and knowledge that a person is under age or giving false information.

"§ 18C-1021. Reserved for future codification purposes.

"§ 18C-1022. Reserved for future codification purposes.

"§ 18C-1023. Reserved for future codification purposes.

"§ 18C-1024. Reserved for future codification purposes.

"§ 18C-1025. Rulemaking.

(a) Notwithstanding G.S. 150B-1, the Commission shall adopt rules in accordance with Article 2A of Chapter 150B of the General Statutes necessary to administer and enforce the provisions of this Article.

(b) The Commission shall adopt rules governing the conduct of horse racing in this State, which include rules regarding play of wagers on previously run horse races. Play of wagers on previously run horse races shall be limited to a facility conducting a live horse race in accordance with the rules adopted by the Commission. In adopting rules, the Commission shall consult the State Veterinarian regarding safety of horses.

(c) When adopting rules, the Commission shall provide guidance on the issuance, denial, suspension, or revocation of a license provided under this Article, on the operation of advance deposit account wagering by ADW licensees, and on the requirements for simulcast facilities."

SECTION 4.(a) G.S. 18C-114 reads as rewritten:

"§ 18C-114. Powers and duties of the Commission.

(a) The Commission shall have the following powers and duties:

...

(8) To charge a fee of potential ~~contractors and~~ contractors, of lottery ~~contractors to~~ contractors, of lottery retailers, and of licensees and potential licensees and their key persons not to exceed the cost of the criminal history record ~~check of the potential contractors and lottery contractors check.~~

...

(14) To adopt and implement any rules necessary to carry out the provisions of this Chapter, resolving any conflicts in this Chapter to the best interest of the State.

...

(c) The Commission and the Department of Revenue may agree to exchange any data necessary to enforce and administer Articles 9 and 10 of this Chapter and Article 2E of Chapter 105 of the General Statutes, including information deemed necessary to perform an audit of a licensee or taxpayer under those Articles."

SECTION 4.(b) G.S. 18C-120(b)(2) reads as rewritten:

"(2) To conduct a background investigation, including a criminal history record check, of applicants for employment with the Commission, licensees and their key persons, lottery contractors, lottery retailers, and lottery potential contractors, which may include a search of the State and National Repositories of Criminal Histories based on the fingerprints of applicants."

SECTION 4.(c) G.S. 143B-947 reads as rewritten:

"§ 143B-947. Criminal record checks for the North Carolina State Lottery Commission and its Director.

The Department of Public Safety may provide to the North Carolina State Lottery Commission and to its Director from the State and National Repositories of Criminal Histories the criminal history of any prospective employee of the ~~Commission and Commission~~, any potential ~~contractor, contractor~~, and any licensee or prospective licensee under Chapter 18C of the General Statutes and their key persons. The North Carolina State Lottery Commission or its Director shall provide to the Department of Public Safety, along with the request, the fingerprints of the ~~prospective employee of the Commission, or of the potential contractor, individual~~, a form signed by the ~~prospective employee of the Commission, or of the potential contractor individual~~ consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the Department of Public Safety. The fingerprints of the ~~prospective employee of the Commission, or potential contractor, individual~~ shall be forwarded to the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The North Carolina State Lottery Commission and its Director shall remit any fingerprint information retained by the Commission to alcohol law enforcement agents appointed under Article 5 of Chapter 18B of the General Statutes and shall keep all information obtained pursuant to this section confidential. The Department of Public Safety shall charge a reasonable fee only for conducting the checks of the criminal history records authorized by this section."

SECTION 4.(d) G.S. 105-259(b)(33) reads as rewritten:

"(33) To provide to the North Carolina State Lottery Commission the information required under ~~G.S. 18C-141~~, G.S. 18C-141 or agreed upon under G.S. 18C-114(c)."

SECTION 4.(e) Article 37 of Chapter 14 of the General Statutes is amended by adding a new section to read:

"§ 14-309.3. Exempt wagering.

This Article shall not apply to:

- (1) Sports wagering lawfully conducted in compliance with Article 9 of Chapter 18C of the General Statutes.
- (2) Pari-mutuel wagering lawfully conducted in compliance with Article 10 of Chapter 18C of the General Statutes."

SECTION 4.(f) G.S. 16-1 reads as rewritten:

"§ 16-1. Gaming and betting contracts void.

(a) All wagers, bets or stakes made to depend upon any race, or upon any gaming by lot or chance, or upon any lot, chance, casualty or unknown or contingent event whatever, shall be unlawful; and all contracts, judgments, conveyances and assurances for and on account of any money or property, or thing in action, so wagered, bet or staked, or to repay, or to secure any money, or property, or thing in action, lent or advanced for the purpose of such wagering, betting, or staking as aforesaid, shall be void.

(b) This section shall not apply to:

- (1) Any sports wager, as defined in G.S. 18C-901, placed in accordance with Article 9 of Chapter 18C of the General Statutes.
- (2) Any pari-mutuel wager, as defined in G.S. 18C-1001, placed in accordance with Article 10 of Chapter 18C of the General Statutes."

SECTION 5. Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 2E.

"Tax on Interactive Sports Wagering Operators.

"§ 105-113.125. Definitions.

The definitions of G.S. 18C-901 apply to this Article.

"§ 105-113.126. Tax on interactive sports wagering operators.

(a) Tax. – A tax at the rate of eighteen percent (18%) is imposed on an interactive sports wagering operator licensed under Article 9 of Chapter 18C of the General Statutes. The tax applies to the gross wagering revenue of the interactive sports wagering operator.

(b) Carryforward. – If the amount of gross wagering revenue is a negative number for any month, the interactive sports wagering operator may carry forward the negative amount to the return filed for the subsequent month. No amount shall be carried forward more than 12 months after the month in which the amount carried forward was originally due.

(c) Return. – Taxes levied by this Article are due when a return is required to be filed. The return is due on a monthly basis. A monthly return is due by the twentieth day of the month following the calendar month covered by the return. A return is filed on a form prescribed by the Secretary.

(d) Records. – A person who is required to file a return under this Article must keep a record of all documents used to determine information the person provides in a return. These records shall be open at all times for inspection by the Secretary or an authorized representative of the Secretary and shall be kept for the applicable period of statute of limitations as set forth under Article 9 of this Chapter.

(e) Refund. – An interactive sports wagering operator is allowed a refund of the tax paid under this section on a sports wager that has been refunded. The Secretary shall prescribe the manner in which an interactive sports wagering operator may request a refund under this subsection, which may include allowing a credit for the amount refunded on a subsequent monthly return required under this section.

"§ 105-113.127. Bond or irrevocable letter of credit.

The Secretary may require an interactive sports wagering operator to furnish a bond in an amount that adequately protects the State from an interactive sports wagering operator's failure to pay taxes due under this Article. A bond must be conditioned on compliance with this Article, payable to the State, and in the form required by the Secretary. The amount of the bond is two times the interactive sports wagering operator's expected monthly tax liability under this Article, as determined by the Secretary, provided the amount of the bond may not be less than fifty thousand dollars (\$50,000) and may not be more than two million dollars (\$2,000,000). The Secretary should periodically review the sufficiency of bonds required of interactive sports wagering operators and increase the amount of a required bond when the amount of the bond furnished no longer covers the anticipated tax liability of the interactive sports wagering operator and decrease the amount when the Secretary determines that a smaller bond amount will adequately protect the State from loss.

For purposes of this section, an interactive sports wagering operator may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in the amounts stipulated in this section.

"§ 105-113.128. Use of tax proceeds.

The Secretary shall distribute the taxes collected under this Article, less the allowance to the Department of Revenue and reimbursement to the Lottery Commission for administrative expenses, in accordance with this section. The Secretary may retain the cost of collection by the Department, not to exceed five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department. The Lottery Commission shall, no later than 20 days after the end of the month, notify the Department of its expenses from administering the provisions of Article 9 of Chapter 18C of the General Statutes from the previous month. The Department shall reimburse the Lottery Commission from the tax revenues collected under this Article no later than the end of the month in which the Department was notified. The remainder of the net proceeds of the tax collected under this Article are to be credited in the following priority:

- (1) Two million dollars (\$2,000,000) annually to the Department of Health and Human Services for gambling addiction education and treatment programs.
- (2) One million dollars (\$1,000,000) annually to the North Carolina Division of Parks and Recreation for grants to local governments to expand opportunities for persons up to age 18 to engage in youth sports. The total dollar amount awarded each year to all applicants in any one county may not exceed one percent (1%) of the total funding available on July 1 of that year.
- (3) Three hundred thousand dollars (\$300,000) annually shall be appropriated to each of the institutions listed in this subdivision to support collegiate athletic departments. If there are not sufficient funds for each of these institutions to receive an appropriation of three hundred thousand dollars (\$300,000), the amount of each appropriation shall be reduced by the same proportion so that all institutions receive an appropriation of the same amount. The institutions are listed as follows:
- a. Appalachian State University.
 - b. East Carolina University.
 - c. Elizabeth City State University.
 - d. Fayetteville State University.
 - e. North Carolina Agricultural & Technical State University.
 - f. North Carolina Central University.
 - g. University of North Carolina at Asheville.
 - h. University of North Carolina at Charlotte.
 - i. University of North Carolina at Greensboro.
 - j. University of North Carolina at Pembroke.
 - k. University of North Carolina at Wilmington.
 - l. Western Carolina University.
 - m. Winston-Salem State University.
- (4) One million dollars (\$1,000,000) annually to the North Carolina Outdoor Heritage Advisory Council for grants, in the discretion of the Council, as follows:
- a. Grants not to exceed five thousand dollars (\$5,000) per sports team per county per year needing assistance to travel to in-State or out-of-state sporting events and team activities.
 - b. Incentive grants not to exceed twenty-five thousand dollars (\$25,000) to attract State, regional, and national sporting events, tournaments, and programs for nonprofessional athletes participating in programs administered by city, county, and local school administrative units.
- (5) Of the remaining proceeds, as follows:
- a. Twenty percent (20%) annually to be distributed equally among the institutions listed in this sub-subdivision to support collegiate athletic departments, not to supplant general funding to that institution. The institutions are listed as follows:
 1. Elizabeth City State University.
 2. Fayetteville State University.
 3. North Carolina Agricultural & Technical State University.
 4. North Carolina Central University.
 5. University of North Carolina at Asheville.
 6. University of North Carolina at Greensboro.
 7. University of North Carolina at Pembroke.
 8. University of North Carolina at Wilmington.
 9. Western Carolina University.

10. Winston-Salem State University.

b. Thirty percent (30%) annually to the North Carolina Major Events, Games, and Attractions Fund established under G.S. 143B-437.112.

c. Fifty percent (50%) annually to the General Fund."

SECTION 5.5. Article 51A of Chapter 14 of the General Statutes is amended by adding a new section to read:

"§ 14-380.5. Horse racing not prohibited.

Horse racing, as authorized and regulated in accordance with Article 10 of Chapter 18C of the General Statutes, shall not be considered a horse show for purposes of this Article."

SECTION 6. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

SECTION 7. The Commission shall establish guidance to parties regulated by the provisions of Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted by this act. Such guidance shall address the application of Article 9 of Chapter 18C of the General Statutes, as enacted by this act, to electronic sports with due consideration to the key role of game publishers as creators of the underlying video game. When adopting rules under G.S. 18C-1025, as enacted by this act, the Commission shall adopt rules providing guidance on the issuance, denial, suspension, or revocation of a license provided under Article 10 of Chapter 18C of the General Statutes as well as guidance on the operation of advance deposit account wagering by ADW licensees. The Commission may adopt rules prior to January 8, 2024, however, no rule may become effective until on or after that date. The Commission may accept and issue applications for licensure in accordance with Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted by this act, prior to January 8, 2024, in order that licensees may begin operations on January 8, 2024. If more than 12 completed applications are received, the Commission shall select based upon the criteria set forth in G.S. 18C-904(f), as enacted by this act, and notify the qualified applicants it determines will best serve the public interest in maximizing revenue to the State, while preserving the integrity of sports wagering and ensuring accountability and preserving the public trust in licensed sports wagering activities. No license issued by the Commission shall become effective prior to January 8, 2024.

SECTION 8. The North Carolina State Lottery Commission shall use sufficient funds from the North Carolina State Lottery Fund to cover initial operating expenses of the Commission to implement Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted by this act, provided the total amount borrowed by the Commission shall not exceed fourteen million dollars (\$14,000,000) without further action by the General Assembly. The Commission shall repay any funds used out of the North Carolina State Lottery Fund pursuant to this section within 36 months after the effective date of this act.

SECTION 9. The North Carolina State Lottery Commission shall study the implementation of Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted by this act, and shall report its findings, with any legislative recommendations, to the Joint Legislative Oversight Committee on the North Carolina State Lottery no later than March 1, 2024. The study and report shall address all of the following:

- (1) Restrictions on number of licensees as established by G.S. 18C-904, as enacted by this act, and how additional applications for licensure are treated.
- (2) Any potential challenges to enforcement of the Articles.
- (3) The establishment and use of the voluntary exclusion program.
- (4) The siting and opening of public places of accommodation, and usage of such sites.
- (5) Any potential issues or challenges with audits of interactive sports wagering operators and ADW licensees.
- (6) Any other information the Commission deems relevant.

1 **SECTION 10.** Sections 1, 2, 3, 4, 5.5, and 6 of this act become effective January 8,
2 2024. Section 5 of this act becomes effective January 8, 2024, and applies to gross wagering
3 revenue received on or after that date. Except as otherwise provided, this act is effective when it
4 becomes law.