

House Bill 2549

Sponsored by Representative HACK (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes Oregon State Lottery Commission to issue registrations to fantasy contest operators to organize or offer fantasy contests. Directs commission to adopt rules related to fantasy contests. Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to fantasy contests; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

SECTION 1. As used in sections 1 to 5 of this 2017 Act:

4
5 (1) **"Fantasy contest" means an online fantasy or simulated game that requires an entry**
6 **fee for participation in which:**

7 (a) **The value of awards or prizes offered to the winner is established and known to the**
8 **fantasy contest players in advance of the game;**

9 (b) **The winning outcomes reflect the knowledge and skill of the fantasy contest players**
10 **and are determined by accumulated statistical performance results of individuals, including**
11 **athletes in actual sporting events; and**

12 (c) **The winning outcome is not based on a score, point spread or performance of a single**
13 **actual team or combination of actual teams or solely on the performance of a single athlete**
14 **in an actual event.**

15 (2) **"Fantasy contest operator" means the person or entity that organizes and offers**
16 **fantasy contests.**

17 (3) **"Fantasy contest player" means a person who participates in a fantasy contest.**

18 (4) **"Principal stockholder" means a person who individually, or in combination with the**
19 **person's immediate family members:**

20 (a) **Owns or controls 15 percent or more of the equity ownership of a fantasy contest**
21 **operator; or**

22 (b) **Has the power to vote, or cause the vote of, 15 percent or more of a fantasy contest**
23 **operator.**

24 **SECTION 2. (1) The Oregon State Lottery Commission shall issue a fantasy contest op-**
25 **erator registration to an applicant that:**

26 (a) **Submits to the commission the name and address of the applicant and, if the applicant**
27 **is not an individual, the following information:**

28 (A) **The state in which the applicant is registered as a business;**

29 (B) **The names and addresses of officers and directors;**

30 (C) **The names and addresses of principal stockholders; and**

31 (D) **The name and address of any registered agent;**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (b) Pays a registration fee;

2 (c) Submits evidence that the applicant will:

3 (A) Prohibit the applicant, the applicant's employees and the applicant's immediate fam-
4 ily members from participating in fantasy contests organized and offered by the applicant;

5 (B) Verify that each fantasy contest player is at least 18 years of age;

6 (C) Ensure that an individual on whose performance in an actual event a fantasy contest
7 is based is not a fantasy contest player in that fantasy contest;

8 (D) Maintain fantasy contest player moneys in separate accounts from fantasy contest
9 operational moneys;

10 (E) Maintain a reserve in an amount sufficient to pay all awards and prizes offered to
11 winning participants;

12 (F) Until the information is publicly available, not share with third parties information
13 that could affect fantasy contest play; and

14 (G) Limit the number of entries that a fantasy contest player may submit to each fantasy
15 contest;

16 (d) Is not ineligible under section 3 of this 2017 Act for registration as a fantasy contest
17 operator; and

18 (e) Meets other requirements specified by the commission by rule.

19 (2) The commission shall issue or deny a registration under this section within 60 days
20 of the date of application.

21 (3) A registration issued under this section is valid for one year.

22 **SECTION 3.** In the manner prescribed in ORS chapter 183, the Oregon State Lottery
23 Commission may deny, suspend or revoke a registration as a fantasy contest operator if the
24 applicant or fantasy contest operator, or an officer, director or principal stockholder of the
25 applicant or fantasy contest operator:

26 (1) Makes a false statement of material fact;

27 (2) Fails to disclose information required by the commission;

28 (3) Has been convicted, in this state or other jurisdiction, of a crime involving dishonesty
29 or fraud within 10 years prior to the date of application or at any time thereafter;

30 (4) Has had an authorization to organize or offer a fantasy contest in another jurisdiction
31 revoked;

32 (5) Has defaulted on a payment of obligation or debt to the State of Oregon; or

33 (6) Has violated section 4 of this 2017 Act.

34 **SECTION 4.** (1) A person may not organize or offer a fantasy contest in this state unless
35 the person is registered as a fantasy contest operator with the Oregon State Lottery Com-
36 mission under section 2 of this 2017 Act.

37 (2) A fantasy contest operator shall annually:

38 (a) Cause an independent audit of the fantasy contest operator to be performed; and

39 (b) Submit an audit report to the commission.

40 (3) The commission may impose a civil penalty not to exceed \$1,000 for each violation of
41 this section.

42 **SECTION 5.** (1) The Oregon State Lottery Commission shall adopt rules under sections
43 1 to 5 of this 2017 Act to:

44 (a) Establish a process for issuance of registrations;

45 (b) Establish registration fees; and

1 **(c) Determine qualifications for initial registration and renewal of registration.**

2 **(2) The commission may adopt other rules as necessary to carry out the provisions of**
3 **sections 1 to 5 of this 2017 Act.**

4 **SECTION 6.** **(1) Sections 1 to 5 of this 2017 Act become operative on January 1, 2018.**

5 **(2) The Oregon State Lottery Commission may take any action before the operative date**
6 **specified in subsection (1) of this section that is necessary to enable the commission to ex-**
7 **ercise, on or after the operative date specified in subsection (1) of this section, all of the**
8 **duties, functions and powers conferred on the commission by sections 1 to 5 of this 2017 Act.**

9 **SECTION 7.** **This 2017 Act being necessary for the immediate preservation of the public**
10 **peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect**
11 **on its passage.**

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