

1 HB361  
2 198718-3  
3 By Representatives South, Clouse, Blackshear, Daniels,  
4 England, Rowe, McCutcheon and Rogers  
5 RFD: Economic Development and Tourism  
6 First Read: 04-APR-19



1 obtained as a result of, or by virtue of, a person's  
2 employment.

3 (2) ENTRY FEE. Cash or cash equivalent that is  
4 required to be paid by a fantasy contest player to a fantasy  
5 contest operator in order to participate in a fantasy contest.

6 ~~(3) FANTASY CONTEST. Any fantasy or simulated game  
7 or contest in which one or more fantasy contest players  
8 compete and winning outcomes reflect the relative knowledge  
9 and skill of the fantasy contest players and are determined  
10 predominantly by accumulated statistical results of the  
11 performance of individuals, including athletes in the case of  
12 sporting events.~~

13 (3) FANTASY CONTEST. A simulated game of skill in  
14 which both of the following are true:

15 a. Winning outcomes are determined predominately by  
16 accumulated statistical results of performance of individual  
17 athletes in actual sporting events.

18 b. Winning outcomes are not based on the score,  
19 point spread, or any performance of any single actual sports  
20 team or combination of teams or solely on any single  
21 performance of an individual athlete in any single sporting  
22 event.

23 (4) FANTASY CONTEST OPERATOR. A person or entity  
24 that offers fantasy contests with an entry fee for a cash  
25 prize to the general public.

1 (5) FANTASY CONTEST PLAYER. A person who  
2 participates in a fantasy contest offered by a fantasy contest  
3 operator.

4 (6) GROSS FANTASY CONTEST REVENUES. The amount equal  
5 to the total of all entry fees that a fantasy contest operator  
6 collects from all fantasy contest players, less the total of  
7 all sums paid out as winning to all fantasy contest players  
8 multiplied by the location percentage for Alabama.

9 (7) LOCATION PERCENTAGE. The percentage, rounded to  
10 the nearest tenth of a percent, of the total of all entry fees  
11 collected from fantasy contest players located in Alabama,  
12 divided by the total entry fees collected from all fantasy  
13 contest players in fantasy contests.

14 (8) NATIONAL GROSS FANTASY CONTEST REVENUES. The  
15 amount equal to the total of all entry fees that a fantasy  
16 contest operator collects from all fantasy contest players  
17 located in the United States, less the total of all sums paid  
18 out as winnings to all fantasy contest players.

19 (9) REGULATOR. The Office of the Attorney General.

20 Section 3. (a) (1) No fantasy contest operator shall  
21 offer any fantasy contest with an entry fee in this state  
22 without first being registered with the Office of the Attorney  
23 General. Applications for registration and renewal shall be  
24 under oath, in the form prescribed by the Attorney General.  
25 The Office of the Attorney General shall make applications for  
26 operators available within 180 days of the effective date of  
27 this act.

1           (2) A fantasy contest operator that offered fantasy  
2 contests in this state prior to May 1, 2016, may operate  
3 fantasy contests in this state upon the effective date of this  
4 act, provided the operator files an application for  
5 registration with the Office of the Attorney General within 60  
6 days of availability of the application.

7           (b) The Office of the Attorney General may not adopt  
8 rules limiting or regulating the rules or administration of an  
9 individual fantasy contest, the statistical makeup of a  
10 fantasy contest, or the digital platform of a fantasy contest  
11 operator.

12           (c) At the time of initial registration to offer  
13 fantasy contests with an entry fee in this state, a fantasy  
14 contest operator shall pay to the Office of the Attorney  
15 General an initial registration fee as follows:

16           (1) A fantasy contest operator that has national  
17 gross fantasy contest revenues in excess of ten million  
18 dollars (\$10,000,000) shall pay an initial registration fee of  
19 eighty-five thousand dollars (\$85,000). A fantasy contest  
20 operator registered under this subdivision shall pay to the  
21 Office of the Attorney General an annual registration renewal  
22 fee of eighty-five thousand dollars (\$85,000).

23           (2) All other fantasy contest operators shall pay an  
24 initial registration fee of one thousand dollars (\$1,000). A  
25 fantasy contest operator registered under this subdivision  
26 shall pay to the Office of the Attorney General an annual  
27 registration renewal fee of one thousand dollars (\$1,000).

1           (d) On the anniversary date of the fantasy contest  
2 operator's registration, the fantasy contest operator shall  
3 annually pay a tax equal to ~~six~~ eight percent of the fantasy  
4 contest operator's gross fantasy contest revenues from the  
5 immediately preceding 12-month period. The revenues shall be  
6 deposited to the credit of the State General Fund.

7           (e) Any operator applying for registration, renewal,  
8 or transfer of a registration may operate during the  
9 application period unless the Office of the Attorney General  
10 has reasonable cause to believe that the operator is or may be  
11 in violation of this act, and the Office of the Attorney  
12 General requires the operator to suspend the operation of any  
13 fantasy contest until registration, transfer, or renewal of  
14 registration is approved.

15           Section 4. A fantasy contest operator who operates  
16 fantasy contests with an entry fee shall implement  
17 commercially reasonable procedures that are intended to  
18 accomplish all of the following:

19           (1) Prevent the fantasy contest operator, employees  
20 of the fantasy contest operator, and relatives living in the  
21 same household as the employees, from competing in any public  
22 fantasy contest offered by any fantasy contest operator in  
23 which the operator offers a cash prize to the general public.

24           (2) Prevent sharing of confidential information that  
25 could affect fantasy contest play with third parties until  
26 information is made publicly available.

1                   (3) Verify that a fantasy contest player in a  
2 fantasy contest is 19 years of age or older.

3                   (4) Prevent the fantasy contest operator from  
4 offering contests based on the performances of participants in  
5 high school or youth athletic events.

6                   (5) Prevent the fantasy contest operator from  
7 offering a fantasy contest open to the general public that  
8 does not establish and make known all prizes and awards  
9 offered to winning participants in advance of the game or  
10 contest.

11                   (6) Provide that no winning outcome is based on the  
12 score, point spread, or any performance of any single actual  
13 sports team or combination of teams or solely on any single  
14 performance of an individual athlete or participant in any  
15 single actual event.

16                   (7) Ensure that an individual who is a player in a  
17 real-world game or sporting event is restricted from  
18 participating in a fantasy contest that is determined, in  
19 whole or in part, on the accumulated statistical results of  
20 that player, the player's real-world team, or the sport of  
21 competition for which he or she is a player.

22                   (8) Allow individuals to restrict themselves from  
23 entering a fantasy contest upon request and provide reasonable  
24 steps to prevent the person from entering fantasy contests  
25 offered by the fantasy contest operator.

26                   (9) Disclose the number of entries that a fantasy  
27 contest player may submit to each fantasy contest and provide

1 reasonable steps to prevent players from submitting more than  
2 the allowable number.

3 (10) Segregate fantasy contest player funds from  
4 operational funds or maintain a reserve that equals or exceeds  
5 the amount of player funds on deposit, which reserve may not  
6 be used for operational activities. These reserve funds may  
7 take the form of cash, cash equivalents, an irrevocable letter  
8 of credit, a bond, payment processor reserves and receivables,  
9 or a combination thereof, in the amount that shall exceed the  
10 total balances of the fantasy contest players' accounts.

11 (11) A fantasy contest operator offering fantasy  
12 contests with an entry fee in this state shall contract with a  
13 third party to annually perform an independent audit,  
14 consistent with the standards established by the American  
15 Institute of Certified Public Accountants, to ensure  
16 compliance with this act and shall submit the results of the  
17 audit to the Office of the Attorney General within 270 days of  
18 the end of the operator's fiscal year.

19 (12) A fantasy contest operator offering fantasy  
20 contests with an entry fee in this state shall not target  
21 minors or other excluded players in any advertising.

22 Section 5. A violation of this act is a deceptive  
23 trade practice under the Deceptive Trade Practices Act,  
24 Chapter 19 of Title 8, Code of Alabama 1975.

25 Section 6. The provisions of this act shall be  
26 construed liberally to promote the general welfare of the  
27 public and integrity of the fantasy sports industry.

1           Section 7. The Office of the Attorney General may  
2 adopt rules to implement and administer this act.

3           Section 8. Article 2 of Chapter 12 of Title 13A,  
4 Code of Alabama 1975, does not apply to a fantasy contest.

5           Section 9. A fantasy contest offered pursuant to  
6 this act does not constitute a lottery or gift enterprise  
7 pursuant to Section 65 of the Official Recompilation of the  
8 Constitution of Alabama of 1901, as amended.

9           Section 10. Nothing in this act shall be construed  
10 to alter the existing authority of the state or any state  
11 official with respect to any matter other than fantasy  
12 contests as defined in this act.

13           Section 11. Although this bill would have as its  
14 purpose or effect the requirement of a new or increased  
15 expenditure of local funds, the bill is excluded from further  
16 requirements and application under Amendment 621, now  
17 appearing as Section 111.05 of the Official Recompilation of  
18 the Constitution of Alabama of 1901, as amended, because the  
19 bill defines a new crime or amends the definition of an  
20 existing crime.

21           Section 12. This act shall become effective  
22 immediately following its passage and approval by the  
23 Governor, or its otherwise becoming law.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18

House of Representatives

Read for the first time and re-  
ferred to the House of Representa-  
tives committee on Economic Devel-  
opment and Tourism..... 04-APR-19

Read for the second time and placed  
on the calendar 1 amendment ..... 18-APR-19

Read for the third time and passed  
as amended..... 08-MAY-19

Yeas 74, Nays 22, Abstains 0

Jeff Woodard  
Clerk