

20102548D

SENATE BILL NO. 384

Offered January 8, 2020

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A BILL to amend and reenact §§ 2.2-3711, 18.2-334.3, 37.2-304, 58.1-4000, 58.1-4002, 58.1-4007, 58.1-4027, 59.1-364, and 59.1-569 of the Code of Virginia; to amend the Code of Virginia by adding in Chapter 3 of Title 11 a section numbered 11-16.1, by adding in Article 1 of Chapter 3 of Title 37.2 a section numbered 37.2-314.1, by adding a section numbered 58.1-4015.1, and by adding in Chapter 40 of Title 58.1 an article numbered 2, consisting of sections numbered 58.1-4030 through 58.1-4048; and to repeal § 58.1-4007.2 of the Code of Virginia, relating to Virginia Lottery; repeal prohibition against sale of lottery tickets over the Internet; sports betting; Problem Gambling Treatment and Support Fund; Sports Betting Operations Fund; penalties.

Patrons—McPike, Boysko, Locke and Pillion

Referred to Committee on General Laws and Technology

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-3711, 18.2-334.3, 37.2-304, 58.1-4000, 58.1-4002, 58.1-4007, 58.1-4027, 59.1-364, and 59.1-569 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 3 of Title 11 a section numbered 11-16.1, by adding in Article 1 of Chapter 3 of Title 37.2 a section numbered 37.2-314.1, by adding a section numbered 58.1-4015.1, and by adding in Chapter 40 of Title 58.1 an article numbered 2, consisting of sections numbered 58.1-4030 through 58.1-4048, as follows:

§ 2.2-3711. Closed meetings authorized for certain limited purposes.

A. Public bodies may hold closed meetings only for the following purposes:

1. Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; and evaluation of performance of departments or schools of public institutions of higher education where such evaluation will necessarily involve discussion of the performance of specific individuals. Any teacher shall be permitted to be present during a closed meeting in which there is a discussion or consideration of a disciplinary matter that involves the teacher and some student and the student involved in the matter is present, provided the teacher makes a written request to be present to the presiding officer of the appropriate board. Nothing in this subdivision, however, shall be construed to authorize a closed meeting by a local governing body or an elected school board to discuss compensation matters that affect the membership of such body or board collectively.

2. Discussion or consideration of admission or disciplinary matters or any other matters that would involve the disclosure of information contained in a scholastic record concerning any student of any public institution of higher education in the Commonwealth or any state school system. However, any such student, legal counsel and, if the student is a minor, the student's parents or legal guardians shall be permitted to be present during the taking of testimony or presentation of evidence at a closed meeting, if such student, parents, or guardians so request in writing and such request is submitted to the presiding officer of the appropriate board.

3. Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

4. The protection of the privacy of individuals in personal matters not related to public business.

5. Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community.

6. Discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.

7. Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney

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59 representing the public body is in attendance or is consulted on a matter.

60 8. Consultation with legal counsel employed or retained by a public body regarding specific legal
61 matters requiring the provision of legal advice by such counsel. Nothing in this subdivision shall be
62 construed to permit the closure of a meeting merely because an attorney representing the public body is
63 in attendance or is consulted on a matter.

64 9. Discussion or consideration by governing boards of public institutions of higher education of
65 matters relating to gifts, bequests and fund-raising activities, and of grants and contracts for services or
66 work to be performed by such institution. However, the terms and conditions of any such gifts, bequests,
67 grants, and contracts made by a foreign government, a foreign legal entity, or a foreign person and
68 accepted by a public institution of higher education in the Commonwealth shall be subject to public
69 disclosure upon written request to the appropriate board of visitors. For the purpose of this subdivision,
70 (i) "foreign government" means any government other than the United States government or the
71 government of a state or a political subdivision thereof, (ii) "foreign legal entity" means any legal entity
72 (a) created under the laws of the United States or of any state thereof if a majority of the ownership of
73 the stock of such legal entity is owned by foreign governments or foreign persons or if a majority of the
74 membership of any such entity is composed of foreign persons or foreign legal entities or (b) created
75 under the laws of a foreign government, and (iii) "foreign person" means any individual who is not a
76 citizen or national of the United States or a trust territory or protectorate thereof.

77 10. Discussion or consideration by the boards of trustees of the Virginia Museum of Fine Arts, the
78 Virginia Museum of Natural History, the Jamestown-Yorktown Foundation, the Fort Monroe Authority,
79 and The Science Museum of Virginia of matters relating to specific gifts, bequests, and grants from
80 private sources.

81 11. Discussion or consideration of honorary degrees or special awards.

82 12. Discussion or consideration of tests, examinations, or other information used, administered, or
83 prepared by a public body and subject to the exclusion in subdivision 4 of § 2.2-3705.1.

84 13. Discussion, consideration, or review by the appropriate House or Senate committees of possible
85 disciplinary action against a member arising out of the possible inadequacy of the disclosure statement
86 filed by the member, provided the member may request in writing that the committee meeting not be
87 conducted in a closed meeting.

88 14. Discussion of strategy with respect to the negotiation of a hazardous waste siting agreement or to
89 consider the terms, conditions, and provisions of a hazardous waste siting agreement if the governing
90 body in open meeting finds that an open meeting will have an adverse effect upon the negotiating
91 position of the governing body or the establishment of the terms, conditions and provisions of the siting
92 agreement, or both. All discussions with the applicant or its representatives may be conducted in a
93 closed meeting.

94 15. Discussion by the Governor and any economic advisory board reviewing forecasts of economic
95 activity and estimating general and nongeneral fund revenues.

96 16. Discussion or consideration of medical and mental health records subject to the exclusion in
97 subdivision 1 of § 2.2-3705.5.

98 17. Deliberations of the Virginia Lottery Board in a licensing appeal action conducted pursuant to
99 subsection D of § 58.1-4007 regarding the denial or revocation of a license of a lottery sales agent; and
100 discussion, consideration or review of Virginia Lottery matters related to proprietary lottery game
101 information and studies or investigations excluded from disclosure under subdivision 6 of § 2.2-3705.3
102 and subdivision 11 of § 2.2-3705.7.

103 18. Those portions of meetings in which the Board of Corrections discusses or discloses the identity
104 of, or information tending to identify, any prisoner who (i) provides information about crimes or
105 criminal activities, (ii) renders assistance in preventing the escape of another prisoner or in the
106 apprehension of an escaped prisoner, or (iii) voluntarily or at the instance of a prison official renders
107 other extraordinary services, the disclosure of which is likely to jeopardize the prisoner's life or safety.

108 19. Discussion of plans to protect public safety as it relates to terrorist activity or specific
109 cybersecurity threats or vulnerabilities and briefings by staff members, legal counsel, or law-enforcement
110 or emergency service officials concerning actions taken to respond to such matters or a related threat to
111 public safety; discussion of information subject to the exclusion in subdivision 2 or 14 of § 2.2-3705.2,
112 where discussion in an open meeting would jeopardize the safety of any person or the security of any
113 facility, building, structure, information technology system, or software program; or discussion of reports
114 or plans related to the security of any governmental facility, building or structure, or the safety of
115 persons using such facility, building or structure.

116 20. Discussion by the Board of the Virginia Retirement System, acting pursuant to § 51.1-124.30, or
117 of any local retirement system, acting pursuant to § 51.1-803, or by a local finance board or board of
118 trustees of a trust established by one or more local public bodies to invest funds for postemployment
119 benefits other than pensions, acting pursuant to Article 8 (§ 15.2-1544 et seq.) of Chapter 15 of Title
120 15.2, or by the board of visitors of the University of Virginia, acting pursuant to § 23.1-2210, or by the

121 Board of the Virginia College Savings Plan, acting pursuant to § 23.1-706, regarding the acquisition,
 122 holding or disposition of a security or other ownership interest in an entity, where such security or
 123 ownership interest is not traded on a governmentally regulated securities exchange, to the extent that
 124 such discussion (i) concerns confidential analyses prepared for the board of visitors of the University of
 125 Virginia, prepared by the retirement system, or a local finance board or board of trustees, or the Virginia
 126 College Savings Plan or provided to the retirement system, a local finance board or board of trustees, or
 127 the Virginia College Savings Plan under a promise of confidentiality, of the future value of such
 128 ownership interest or the future financial performance of the entity, and (ii) would have an adverse
 129 effect on the value of the investment to be acquired, held, or disposed of by the retirement system, a
 130 local finance board or board of trustees, the board of visitors of the University of Virginia, or the
 131 Virginia College Savings Plan. Nothing in this subdivision shall be construed to prevent the disclosure
 132 of information relating to the identity of any investment held, the amount invested or the present value
 133 of such investment.

134 21. Those portions of meetings in which individual child death cases are discussed by the State Child
 135 Fatality Review Team established pursuant to § 32.1-283.1, those portions of meetings in which
 136 individual child death cases are discussed by a regional or local child fatality review team established
 137 pursuant to § 32.1-283.2, those portions of meetings in which individual death cases are discussed by
 138 family violence fatality review teams established pursuant to § 32.1-283.3, those portions of meetings in
 139 which individual adult death cases are discussed by the state Adult Fatality Review Team established
 140 pursuant to § 32.1-283.5, those portions of meetings in which individual adult death cases are discussed
 141 by a local or regional adult fatality review team established pursuant to § 32.1-283.6, those portions of
 142 meetings in which individual death cases are discussed by overdose fatality review teams established
 143 pursuant to § 32.1-283.7, and those portions of meetings in which individual maternal death cases are
 144 discussed by the Maternal Mortality Review Team pursuant to § 32.1-283.8.

145 22. Those portions of meetings of the board of visitors of the University of Virginia or the Eastern
 146 Virginia Medical School Board of Visitors, as the case may be, and those portions of meetings of any
 147 persons to whom management responsibilities for the University of Virginia Medical Center or Eastern
 148 Virginia Medical School, as the case may be, have been delegated, in which there is discussed
 149 proprietary, business-related information pertaining to the operations of the University of Virginia
 150 Medical Center or Eastern Virginia Medical School, as the case may be, including business development
 151 or marketing strategies and activities with existing or future joint venturers, partners, or other parties
 152 with whom the University of Virginia Medical Center or Eastern Virginia Medical School, as the case
 153 may be, has formed, or forms, any arrangement for the delivery of health care, if disclosure of such
 154 information would adversely affect the competitive position of the Medical Center or Eastern Virginia
 155 Medical School, as the case may be.

156 23. Discussion or consideration by the Virginia Commonwealth University Health System Authority
 157 or the board of visitors of Virginia Commonwealth University of any of the following: the acquisition or
 158 disposition by the Authority of real property, equipment, or technology software or hardware and related
 159 goods or services, where disclosure would adversely affect the bargaining position or negotiating
 160 strategy of the Authority; matters relating to gifts or bequests to, and fund-raising activities of, the
 161 Authority; grants and contracts for services or work to be performed by the Authority; marketing or
 162 operational strategies plans of the Authority where disclosure of such strategies or plans would adversely
 163 affect the competitive position of the Authority; and members of the Authority's medical and teaching
 164 staffs and qualifications for appointments thereto.

165 24. Those portions of the meetings of the Health Practitioners' Monitoring Program Committee within
 166 the Department of Health Professions to the extent such discussions identify any practitioner who may
 167 be, or who actually is, impaired pursuant to Chapter 25.1 (§ 54.1-2515 et seq.) of Title 54.1.

168 25. Meetings or portions of meetings of the Board of the Virginia College Savings Plan wherein
 169 personal information, as defined in § 2.2-3801, which has been provided to the Board or its employees
 170 by or on behalf of individuals who have requested information about, applied for, or entered into
 171 prepaid tuition contracts or savings trust account agreements pursuant to Chapter 7 (§ 23.1-700 et seq.)
 172 of Title 23.1 is discussed.

173 26. Discussion or consideration, by the former Wireless Carrier E-911 Cost Recovery Subcommittee
 174 created pursuant to former § 56-484.15, of trade secrets submitted by CMRS providers, as defined in §
 175 56-484.12, related to the provision of wireless E-911 service.

176 27. Those portions of disciplinary proceedings by any regulatory board within the Department of
 177 Professional and Occupational Regulation, Department of Health Professions, or the Board of
 178 Accountancy conducted pursuant to § 2.2-4019 or 2.2-4020 during which the board deliberates to reach
 179 a decision or meetings of health regulatory boards or conference committees of such boards to consider
 180 settlement proposals in pending disciplinary actions or modifications to previously issued board orders as
 181 requested by either of the parties.

182 28. Discussion or consideration of information subject to the exclusion in subdivision 11 of
183 § 2.2-3705.6 by a responsible public entity or an affected locality or public entity, as those terms are
184 defined in § 33.2-1800, or any independent review panel appointed to review information and advise
185 the responsible public entity concerning such records.

186 29. Discussion of the award of a public contract involving the expenditure of public funds, including
187 interviews of bidders or offerors, and discussion of the terms or scope of such contract, where
188 discussion in an open session would adversely affect the bargaining position or negotiating strategy of
189 the public body.

190 30. Discussion or consideration of grant or loan application information subject to the exclusion in
191 subdivision 17 of § 2.2-3705.6 by (i) the Commonwealth Health Research Board or (ii) the Innovation
192 and Entrepreneurship Investment Authority or the Research and Technology Investment Advisory
193 Committee appointed to advise the Innovation and Entrepreneurship Investment Authority.

194 31. Discussion or consideration by the Commitment Review Committee of information subject to the
195 exclusion in subdivision 5 of § 2.2-3705.2 relating to individuals subject to commitment as sexually
196 violent predators under Chapter 9 (§ 37.2-900 et seq.) of Title 37.2.

197 32. Discussion or consideration of confidential proprietary information and trade secrets developed
198 and held by a local public body providing certain telecommunication services or cable television services
199 and subject to the exclusion in subdivision 18 of § 2.2-3705.6. However, the exemption provided by this
200 subdivision shall not apply to any authority created pursuant to the BVU Authority Act (§ 15.2-7200 et
201 seq.).

202 33. Discussion or consideration by a local authority created in accordance with the Virginia Wireless
203 Service Authorities Act (§ 15.2-5431.1 et seq.) of confidential proprietary information and trade secrets
204 subject to the exclusion in subdivision 19 of § 2.2-3705.6.

205 34. Discussion or consideration by the State Board of Elections or local electoral boards of voting
206 security matters made confidential pursuant to § 24.2-410.2 or 24.2-625.1.

207 35. Discussion or consideration by the Forensic Science Board or the Scientific Advisory Committee
208 created pursuant to Article 2 (§ 9.1-1109 et seq.) of Chapter 11 of Title 9.1 of criminal investigative
209 files subject to the exclusion in subdivision B 1 of § 2.2-3706.

210 36. Discussion or consideration by the Brown v. Board of Education Scholarship Committee of
211 information or confidential matters subject to the exclusion in subdivision A 3 of § 2.2-3705.4, and
212 meetings of the Committee to deliberate concerning the annual maximum scholarship award, review and
213 consider scholarship applications and requests for scholarship award renewal, and cancel, rescind, or
214 recover scholarship awards.

215 37. Discussion or consideration by the Virginia Port Authority of information subject to the exclusion
216 in subdivision 1 of § 2.2-3705.6 related to certain proprietary information gathered by or for the Virginia
217 Port Authority.

218 38. Discussion or consideration by the Board of Trustees of the Virginia Retirement System acting
219 pursuant to § 51.1-124.30, by the Investment Advisory Committee appointed pursuant to § 51.1-124.26,
220 by any local retirement system, acting pursuant to § 51.1-803, by the Board of the Virginia College
221 Savings Plan acting pursuant to § 23.1-706, or by the Virginia College Savings Plan's Investment
222 Advisory Committee appointed pursuant to § 23.1-702 of information subject to the exclusion in
223 subdivision 24 of § 2.2-3705.7.

224 39. Discussion or consideration of information subject to the exclusion in subdivision 3 of
225 § 2.2-3705.6 related to economic development.

226 40. Discussion or consideration by the Board of Education of information relating to the denial,
227 suspension, or revocation of teacher licenses subject to the exclusion in subdivision 11 of § 2.2-3705.3.

228 41. Those portions of meetings of the Virginia Military Advisory Council or any commission created
229 by executive order for the purpose of studying and making recommendations regarding preventing
230 closure or realignment of federal military and national security installations and facilities located in
231 Virginia and relocation of such facilities to Virginia, or a local or regional military affairs organization
232 appointed by a local governing body, during which there is discussion of information subject to the
233 exclusion in subdivision 8 of § 2.2-3705.2.

234 42. Discussion or consideration by the Board of Trustees of the Veterans Services Foundation of
235 information subject to the exclusion in subdivision 28 of § 2.2-3705.7 related to personally identifiable
236 information of donors.

237 43. Discussion or consideration by the Virginia Tobacco Region Revitalization Commission of
238 information subject to the exclusion in subdivision 23 of § 2.2-3705.6 related to certain information
239 contained in grant applications.

240 44. Discussion or consideration by the board of directors of the Commercial Space Flight Authority
241 of information subject to the exclusion in subdivision 24 of § 2.2-3705.6 related to rate structures or
242 charges for the use of projects of, the sale of products of, or services rendered by the Authority and
243 certain proprietary information of a private entity provided to the Authority.

244 45. Discussion or consideration of personal and proprietary information related to the resource
 245 management plan program and subject to the exclusion in (i) subdivision 25 of § 2.2-3705.6 or (ii)
 246 subsection E of § 10.1-104.7. This exclusion shall not apply to the discussion or consideration of
 247 records that contain information that has been certified for release by the person who is the subject of
 248 the information or transformed into a statistical or aggregate form that does not allow identification of
 249 the person who supplied, or is the subject of, the information.

250 46. Discussion or consideration by the Board of Directors of the Virginia Alcoholic Beverage Control
 251 Authority of information subject to the exclusion in subdivision 1 of § 2.2-3705.3 related to
 252 investigations of applicants for licenses and permits and of licensees and permittees.

253 47. Discussion or consideration of grant or loan application records subject to the exclusion in
 254 subdivision 28 of § 2.2-3705.6 related to the submission of an application for an award from the
 255 Virginia Research Investment Fund pursuant to Article 8 (§ 23.1-3130 et seq.) of Chapter 31 of Title
 256 23.1 or interviews of parties to an application by a reviewing entity pursuant to subsection D of
 257 § 23.1-3133 or by the Virginia Research Investment Committee.

258 48. Discussion or development of grant proposals by a regional council established pursuant to
 259 Article 26 (§ 2.2-2484 et seq.) of Chapter 24 to be submitted for consideration to the Virginia Growth
 260 and Opportunity Board.

261 49. Discussion or consideration of (i) individual sexual assault cases by a sexual assault response
 262 team established pursuant to § 15.2-1627.4, (ii) individual child abuse or neglect cases or sex offenses
 263 involving a child by a child sexual abuse response team established pursuant to § 15.2-1627.5, or (iii)
 264 individual cases involving abuse, neglect, or exploitation of adults as defined in § 63.2-1603 pursuant to
 265 §§ 15.2-1627.5 and 63.2-1605.

266 50. Discussion or consideration by the Board of the Virginia Economic Development Partnership
 267 Authority, the Joint Legislative Audit and Review Commission, or any subcommittees thereof, of the
 268 portions of the strategic plan, marketing plan, or operational plan exempt from disclosure pursuant to
 269 subdivision 33 of § 2.2-3705.7.

270 51. Those portions of meetings of the subcommittee of the Board of the Virginia Economic
 271 Development Partnership Authority established pursuant to subsection F of § 2.2-2237.3 to review and
 272 discuss information received from the Virginia Employment Commission pursuant to subdivision C 2 of
 273 § 60.2-114.

274 52. *Deliberations of the Virginia Lottery Board in an appeal conducted pursuant to § 58.1-4007*
 275 *regarding the denial of, revocation of, suspension of, or refusal to renew a permit related to sports*
 276 *betting and any discussion, consideration, or review of matters related to investigations excluded from*
 277 *mandatory disclosure under subdivision 1 of § 2.2-3705.3.*

278 B. No resolution, ordinance, rule, contract, regulation or motion adopted, passed or agreed to in a
 279 closed meeting shall become effective unless the public body, following the meeting, reconvenes in open
 280 meeting and takes a vote of the membership on such resolution, ordinance, rule, contract, regulation, or
 281 motion that shall have its substance reasonably identified in the open meeting.

282 C. Public officers improperly selected due to the failure of the public body to comply with the other
 283 provisions of this section shall be de facto officers and, as such, their official actions are valid until they
 284 obtain notice of the legal defect in their election.

285 D. Nothing in this section shall be construed to prevent the holding of conferences between two or
 286 more public bodies, or their representatives, but these conferences shall be subject to the same
 287 procedures for holding closed meetings as are applicable to any other public body.

288 E. This section shall not be construed to (i) require the disclosure of any contract between the
 289 Department of Health Professions and an impaired practitioner entered into pursuant to Chapter 25.1
 290 (§ 54.1-2515 et seq.) of Title 54.1 or (ii) require the board of directors of any authority created pursuant
 291 to the Industrial Development and Revenue Bond Act (§ 15.2-4900 et seq.), or any public body
 292 empowered to issue industrial revenue bonds by general or special law, to identify a business or industry
 293 to which subdivision A 5 applies. However, such business or industry shall be identified as a matter of
 294 public record at least 30 days prior to the actual date of the board's authorization of the sale or issuance
 295 of such bonds.

296 **§ 11-16.1. Exemption; authorized sports betting.**

297 *This chapter shall not apply to any sports betting or related activity that is lawful under Article 2*
 298 *(§ 58.1-4030 et seq.) of Chapter 40 of Title 58.1.*

299 **§ 18.2-334.3. Exemptions to article; state lottery; sports betting.**

300 Nothing in this article shall apply to any:

301 1. Any lottery conducted by the Commonwealth of Virginia pursuant to Article 1 (§ 58.1-4000 et
 302 seq.) of Chapter 40 of Title 58.1; or

303 2. Any sports betting or related activity that is lawful under Article 2 (§ 58.1-4030 et seq.) of
 304 Chapter 40 of Title 58.1.

305 § 37.2-304. Duties of Commissioner.

306 The Commissioner shall be the chief executive officer of the Department and shall have the
307 following duties and powers:

308 1. To supervise and manage the Department and its state facilities.

309 2. To employ the personnel required to carry out the purposes of this title.

310 3. To make and enter into all contracts and agreements necessary or incidental to the performance of
311 the Department's duties and the execution of its powers under this title, including contracts with the
312 United States, other states, and agencies and governmental subdivisions of the Commonwealth,
313 consistent with policies and regulations of the Board and applicable federal and state statutes and
314 regulations.

315 4. To accept, hold, and enjoy gifts, donations, and bequests on behalf of the Department from the
316 United States government, agencies and instrumentalities thereof, and any other source, subject to the
317 approval of the Governor. To these ends, the Commissioner shall have the power to comply with
318 conditions and execute agreements that may be necessary, convenient, or desirable, consistent with
319 policies and regulations of the Board.

320 5. To accept, execute, and administer any trust in which the Department may have an interest, under
321 the terms of the instruments creating the trust, subject to the approval of the Governor.

322 6. To transfer between state hospitals and training centers school-age individuals who have been
323 identified as appropriate to be placed in public school programs and to negotiate with other school
324 divisions for placements in order to ameliorate the impact on those school divisions located in a
325 jurisdiction in which a state hospital or training center is located.

326 7. To provide to the Director of the Commonwealth's designated protection and advocacy system,
327 established pursuant to § 51.5-39.13, a written report setting forth the known facts of (i) critical
328 incidents, as that term is defined in § 37.2-709.1, or deaths of individuals receiving services in facilities
329 and (ii) serious injuries, as that term is defined in regulations adopted by the Board pursuant to
330 § 37.2-400, or deaths of individuals receiving services in programs operated or licensed by the
331 Department within 15 working days of the critical incident, serious injury, or death.

332 8. To work with the appropriate state and federal entities to ensure that any individual who has
333 received services in a state facility for more than one year has possession of or receives prior to
334 discharge any of the following documents, when they are needed to obtain the services contained in his
335 discharge plan: a Department of Motor Vehicles approved identification card that will expire 90 days
336 from issuance, a copy of his birth certificate if the individual was born in the Commonwealth, or a
337 social security card from the Social Security Administration. State facility directors, as part of their
338 responsibilities pursuant to § 37.2-837, shall implement this provision when discharging individuals.

339 9. To work with the Department of Veterans Services and the Department for Aging and
340 Rehabilitative Services to establish a program for mental health and rehabilitative services for Virginia
341 veterans and members of the Virginia National Guard and Virginia residents in the Armed Forces
342 Reserves not in active federal service and their family members pursuant to § 2.2-2001.1.

343 10. To establish and maintain a pharmaceutical and therapeutics committee composed of
344 representatives of the Department of Medical Assistance Services, state facilities operated by the
345 Department, community services boards, at least one health insurance plan, and at least one individual
346 receiving services to develop a drug formulary for use at all community services boards, state facilities
347 operated by the Department, and providers licensed by the Department.

348 11. To establish and maintain the Commonwealth Mental Health First Aid Program pursuant to
349 § 37.2-312.2.

350 12. To submit a report for the preceding fiscal year by December 1 of each year to the Governor and
351 the Chairmen of the House Appropriations and Senate Finances Committees that provides information
352 on the operation of Virginia's publicly funded behavioral health and developmental services system. The
353 report shall include a brief narrative and data on the number of individuals receiving state facility
354 services or community services board services, including purchased inpatient psychiatric services; the
355 types and amounts of services received by these individuals; and state facility and community services
356 board service capacities, staffing, revenues, and expenditures. The annual report shall describe major
357 new initiatives implemented during the past year and shall provide information on the accomplishment
358 of systemic outcome and performance measures during the year.

359 13. *To administer the Problem Gambling Treatment and Support Fund established pursuant to §*
360 *37.2-314.1.*

361 Unless specifically authorized by the Governor to accept or undertake activities for compensation, the
362 Commissioner shall devote his entire time to his duties.

363 § 37.2-314.1. Problem Gambling Treatment and Support Fund.

364 *There is hereby created in the state treasury a special nonreverting fund to be known as the Problem*
365 *Gambling Treatment and Support Fund, referred to in this section as "the Fund." The Fund shall be*
366 *established on the books of the Comptroller. All revenue accruing to the Fund pursuant to subsection B*

367 of § 58.1-4038 shall be paid into the state treasury and credited to the Fund. Interest earned on moneys
 368 in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund,
 369 including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall
 370 remain in the Fund. Moneys in the Fund shall be used solely for the purposes of (i) providing
 371 counseling and other support services for compulsive and problem gamblers, (ii) developing and
 372 implementing problem gambling treatment and prevention programs, and (iii) providing grants to
 373 supporting organizations that provide assistance to compulsive gamblers. Expenditures and
 374 disbursements from the Fund shall be made by the State Treasurer on warrants issued by the
 375 Comptroller upon written request signed by the Commissioner.

376 CHAPTER 40.

377 VIRGINIA LOTTERY LAW; *SPORTS BETTING*.

378 Article 1.

379 *Powers and Duties of Virginia Lottery Board; Administration of Tickets and Prizes.*

380 § 58.1-4000. **Short title.**

381 This chapter article shall be known and may be cited as the "Virginia Lottery Law."

382 § 58.1-4002. **Definitions.**

383 For the purposes of As used in this chapter, unless the context requires a different meaning:

384 "Board" means the Virginia Lottery Board established by this chapter.

385 "Department" means the independent agency responsible for the administration of the Virginia
 386 Lottery created in this chapter pursuant to this article and sports betting pursuant to Article 2 (§
 387 58.1-4030 et seq.).

388 "Director" means the Director of the Virginia Lottery.

389 "Lottery" or "state lottery" means the lottery or lotteries established and operated pursuant to this
 390 chapter.

391 "Ticket courier service" means a service operated for the purpose of purchasing Virginia Lottery
 392 tickets on behalf of individuals located within or outside the Commonwealth and delivering or
 393 transmitting such tickets, or electronic images thereof, to such individuals as a business-for-profit
 394 delivery service.

395 "*Voluntary exclusion program*" means a program established by the Board pursuant to §
 396 58.1-4015.1 that allows individuals to voluntarily exclude themselves from buying lottery tickets or
 397 shares and participating in sports betting, as defined in § 58.1-4030, by placing their name on a
 398 voluntary exclusion list and following the procedures set forth by the Board.

399 § 58.1-4007. **Powers of the Board.**

400 A. The Board shall have the power to adopt regulations governing the establishment and operation of
 401 a lottery pursuant to this article and sports betting pursuant to Article 2 (§ 58.1-4030 et seq.). The
 402 regulations governing the establishment and operation of the lottery and sports betting shall be
 403 promulgated by the Board after consultation with the Director. Such regulations shall be in accordance
 404 with the Administrative Process Act (§ 2.2-4000 et seq.). The regulations shall provide for all matters
 405 necessary or desirable for the efficient, honest, and economical operation and administration of the
 406 lottery and sports betting and for the convenience of the purchasers of tickets or shares, and the holders
 407 of winning tickets or shares, and sports bettors. The regulations, which may be amended, repealed, or
 408 supplemented as necessary, shall include, but not be limited to, the following:

409 1. The type or types of lottery or game to be conducted in accordance with § 58.1-4001.

410 2. The price or prices of tickets or shares in the lottery.

411 3. The numbers and sizes of the prizes on the winning tickets or shares, including informing the
 412 public of the approximate odds of winning and the proportion of lottery revenues (i) disbursed as prizes
 413 and (ii) returned to the Commonwealth as net revenues.

414 4. The manner of selecting the winning tickets or shares.

415 5. The manner of payment of prizes to the holders of winning tickets or shares.

416 6. The frequency of the drawings or selections of winning tickets or shares without limitation.

417 7. Without limitation as to number, the type or types of locations at which tickets or shares may be
 418 sold.

419 8. The method to be used in selling tickets or shares, including the sale of tickets or shares over the
 420 Internet.

421 9. The advertisement of the lottery in accordance with the provisions of subsection E of § 58.1-4022.

422 10. The licensing of agents to sell tickets or shares who will best serve the public convenience and
 423 promote the sale of tickets or shares. No person under the age of 18 shall be licensed as an agent. A
 424 licensed agent may employ a person who is 16 years of age or older to sell or otherwise vend tickets at
 425 the agent's place of business so long as the employee is supervised in the selling or vending of tickets
 426 by the manager or supervisor in charge at the location where the tickets are being sold. Employment of
 427 such person shall be in compliance with Chapter 5 (§ 40.1-78 et seq.) of Title 40.1.

428 11. The manner and amount of compensation, if any, to be paid licensed sales agents necessary to
 429 provide for the adequate availability of tickets or shares to prospective buyers and for the convenience
 430 of the public. Notwithstanding the provisions of this subdivision, the Board shall not be required to
 431 approve temporary bonus or incentive programs for payments to licensed sales agents.

432 12. Apportionment of the total revenues accruing from the sale of tickets or shares and from all other
 433 sources and establishment of the amount of the special reserve fund as provided in § 58.1-4022 of this
 434 chapter.

435 13. Such other matters necessary or desirable for the efficient and economical operation and
 436 administration of the lottery.

437 14. *The operation of sports betting pursuant to Article 2 (§ 58.1-4030 et seq.). In adopting such*
 438 *regulations, the Board shall establish a consumer protection program including measures to protect*
 439 *sports bettors, as defined in § 58.1-4030, with respect to identity, funds and accounts, consumer*
 440 *complaints, self-exclusion, and any other consumer protection measure the Board determines to be*
 441 *reasonable.*

442 15. *The administration of a voluntary exclusion program as provided in § 58.1-4015.1.*

443 The Department shall not be subject to the provisions of Chapter 43 (§ 2.2-4300 et seq.) of Title 2.2;
 444 however, the Board shall promulgate regulations, after consultation with the Director, relative to
 445 departmental procurement which include standards of ethics for procurement consistent with the
 446 provisions of Article 6 (§ 2.2-4367 et seq.) of Chapter 43 of Title 2.2 and which ensure that
 447 departmental procurement will be based on competitive principles.

448 The Board shall have the power to advise and recommend, but shall have no power to veto or
 449 modify administrative decisions of the Director. However, the Board shall have the power to accept,
 450 modify or reject any revenue projections before such projections are forwarded to the Governor.

451 B. The Board shall carry on a continuous study and investigation of the lottery *and sports betting*
 452 throughout the Commonwealth to:

453 1. Ascertain any defects of this chapter or the regulations issued hereunder which cause abuses in the
 454 administration and operation of the lottery *and sports betting* and any evasions of such provisions.

455 2. Formulate, with the Director, recommendations for changes in this chapter and the regulations
 456 promulgated hereunder to prevent such abuses and evasions.

457 3. Guard against the use of this chapter and the regulations promulgated hereunder as a subterfuge
 458 for organized crime and illegal gambling.

459 4. Ensure that this law and the regulations of the Board are in such form and are so administered as
 460 to serve the true purpose of this chapter.

461 C. The Board shall make a continuous study and investigation of (i) the operation and the
 462 administration of similar laws ~~which~~ *that* may be in effect in other states or countries, (ii) any literature
 463 on the subject ~~which~~ *that* may be published or available, (iii) any federal laws ~~which~~ *that* may affect the
 464 operation of the lottery *and sports betting*, and (iv) the reaction of Virginia citizens to the potential
 465 features of the lottery *and sports betting* with a view to recommending or effecting changes that will
 466 serve the purpose of this chapter.

467 D. The Board shall hear and decide an appeal of any denial by the Director of the licensing or
 468 revocation of a license of a lottery agent pursuant to subdivision A 10 of ~~subsection A~~ of this section
 469 and subdivision B 5 of ~~subsection B~~ of § 58.1-4006 of this chapter. *The Board shall hear and decide an*
 470 *appeal of any penalty, denial of a permit or renewal, or suspension or revocation of a permit imposed*
 471 *by the Director pursuant to Article 2 (§ 58.1-4030 et seq.).*

472 E. The Board shall have the authority to initiate procedures for the planning, acquisition, and
 473 construction of capital projects as set forth in Article 4 (§ 2.2-1129 et seq.) of Chapter 11 and Article 3
 474 (§ 2.2-1819 et seq.) of Chapter 18 of Title 2.2.

475 F. *The Board may adjust the percentage of uncollectible gaming receivables allowed to be subtracted*
 476 *from adjusted gross revenue, as defined in § 58.1-4030, if it determines that a different percentage is*
 477 *reasonable and customary in the sports betting industry.*

478 **§ 58.1-4015.1. Voluntary exclusion program.**

479 A. *The Board shall adopt regulations to establish and implement a voluntary exclusion program.*

480 B. *The regulations shall include the following provisions:*

481 1. *Except as provided by regulation of the Board, a person who participates in the voluntary*
 482 *exclusion program agrees to refrain from buying lottery tickets or shares and from participating in*
 483 *sports betting, as defined in § 58.1-4030.*

484 2. *Except as provided by regulation of the Board, a person who participates in the voluntary*
 485 *exclusion program may not petition the Board for removal from the program.*

486 3. *The name of a person participating in the program shall be included on a list of excluded*
 487 *persons. The list of persons entering the voluntary exclusion program and the personal information of*
 488 *the participants shall be confidential, with dissemination by the Board limited to sales agents and permit*
 489 *holders, as defined in § 58.1-4030, for purposes of enforcement. The Board shall disseminate the list to*

490 other parties upon request by the participant and agreement by the Board.

491 4. Sales agents and permit holders shall make all reasonable attempts as determined by the Board to
 492 cease all direct marketing efforts to a person participating in the program. The voluntary exclusion
 493 program shall not preclude sales agents and permit holders from seeking the payment of a debt incurred
 494 by a person before entering the program.

495 **§ 58.1-4027. Judicial review.**

496 The action of the Board in (i) granting, ~~or in refusing to grant,~~ or denying a license or registration
 497 or in suspending or revoking any license or registration under the provisions of this ~~chapter~~ article and
 498 (ii) granting, denying, suspending, or revoking any permit or imposing any penalty pursuant to Article 2
 499 (§ 58.1-4030 et seq.) shall be subject to review in accordance with the provisions of the Administrative
 500 Process Act (§ 2.2-4000 et seq.). Such review shall be limited to the evidential record of the proceedings
 501 provided by the Board. Both the petitioner and the Board shall have the right to appeal to the Court of
 502 Appeals from any order of the court.

503 Article 2.

504 Sports Betting.

505 **§ 58.1-4030. Definitions.**

506 As used in this article, unless the context requires a different meaning:

507 "Adjusted gross revenue" means gross revenue minus:

508 1. All cash and the cash value of merchandise, including bonuses or promotions, paid out as
 509 winnings to bettors;

510 2. Uncollectible gaming receivables, which shall not exceed two percent, or a different percentage as
 511 determined by the Board pursuant to subsection F of § 58.1-4007, of gross revenue minus all cash paid
 512 out as winnings to bettors; and

513 3. If the permit holder is a significant infrastructure limited licensee, as defined in § 59.1-365, any
 514 funds paid into the horsemen's purse account pursuant to the provisions of subdivision 14 of § 59.1-369.

515 "College sports" means an athletic event in which at least one participant is a team from a public or
 516 private institution of higher education, regardless of where such institution is located.

517 "Gross revenue" means the total of all cash, property, or any other form of remuneration, whether
 518 collected or not, received by a permittee from its sports betting operations.

519 "Official league data" means statistics, results, outcomes, and other data relating to a professional
 520 sports event obtained by a permit holder under an agreement with a sports governing body or with an
 521 entity expressly authorized by a sports governing body for determining the outcome of tier 2 bets.

522 "Permit holder" means a person to which the Director issues a permit pursuant to §§ 58.1-4032 and
 523 58.1-4033.

524 "Professional sports" means an athletic event involving at least two human competitors who receive
 525 compensation, in excess of their expenses, for participating in such event. "Professional sports" does not
 526 include charitable gaming, as defined in § 18.2-340.16; fantasy contests, as defined in § 59.1-556; or
 527 horse racing, as defined in § 59.1-365.

528 "Sports betting" means placing wagers on professional sports and college sports. "Sports betting"
 529 does not include participating in charitable gaming authorized by Article 1.1:1 (§ 18.2-340.15 et seq.) of
 530 Chapter 8 of Title 18.2; wagering on horse racing authorized by Chapter 29 (§ 59.1-364 et seq.) of Title
 531 59.1; or participating in fantasy contests authorized by Chapter 51 (§ 59.1-556 et seq.) of Title 59.1.

532 "Sports betting platform" means a website, app, or other platform accessible via the Internet or
 533 mobile, wireless, or similar communications technology that sports bettors use to place sports bets.

534 "Sports betting program" means the program established by the Board to allow sports betting as
 535 described in this article.

536 "Sports bettor" means a person physically located in Virginia who participates in sports betting.

537 "Sports governing body" means an organization, headquartered in the United States, that prescribes
 538 rules and enforces codes of conduct with respect to a professional sports event and the participants
 539 therein. "Sports governing body" includes a designee of the sports governing body.

540 "Tier 1 bet" means a bet that is placed using the Internet and that is not a tier 2 bet.

541 "Tier 2 bet" means a bet that is placed using the Internet and that is placed after the event it
 542 concerns has started.

543 "Youth sports" means an athletic event (i) involving a participant under age 18 or (ii) in which at
 544 least one participant is a team from a public or private elementary, middle, or secondary school,
 545 regardless of where such school is located. However, if an athletic event meets the definition of college
 546 sports or professional sports, such event shall not be considered youth sports regardless of the age of
 547 the participants.

548 **§ 58.1-4031. Powers and duties of the Director related to sports betting; reporting.**

549 A. The Board shall operate a sports betting program under the direction of the Director, who shall
 550 allow applicants to apply for permits to engage in sports betting operations in the Commonwealth. The

551 Board shall regulate such operations. The Department shall not operate a sports betting platform.

552 B. The Director may:

553 1. Require bond or other surety satisfactory to the Director from permit holders in such amount as
554 provided in the rules and regulations of the Board adopted under this article;

555 2. Suspend, revoke, or refuse to renew any permit issued pursuant to this article or the rules and
556 regulations adopted under this article; and

557 3. Enter into contracts for the operation of the sports betting program, and enter into contracts with
558 other states related to sports betting, provided that a contract awarded or entered into by the Director
559 shall not be assigned by the holder thereof except by specific approval of the Director.

560 C. The Director shall:

561 1. Certify monthly to the State Comptroller and the Board a full and complete statement of sports
562 betting revenues and expenses for the previous month;

563 2. Report monthly to the Governor, the Secretary of Finance, and the Chairmen of the Senate
564 Committee on Finance, House Committee on Finance, and House Committee on Appropriations the total
565 sports betting revenues and expenses for the previous month and make an annual report, which shall
566 include a full and complete statement of sports betting revenues and expenses, to the Governor and the
567 General Assembly, including recommendations for changes in this article as the Director and Board
568 deem prudent;

569 3. Report immediately to the Governor and the General Assembly any matters that require immediate
570 changes in the laws of the Commonwealth in order to prevent abuses and evasions of this article or the
571 rules and regulations adopted under this article or to rectify undesirable conditions in connection with
572 the administration or operation of the sports betting program; and

573 4. Provide for the withholding of the applicable amount of state and federal income tax of persons
574 who receive income from sports betting.

575 **§ 58.1-4032. Applications for sports betting permits; penalty.**

576 A. An applicant for a sports betting permit shall:

577 1. Submit an application to the Director, on forms prescribed by the Director, containing the
578 information prescribed in subsection B; and

579 2. Pay to the Department a fee of \$250,000.

580 B. An application for a sports betting permit shall include the following information:

581 1. The applicant's background in sports betting;

582 2. The applicant's experience in wagering activities in other jurisdictions, including the applicant's
583 history and reputation of integrity and compliance;

584 3. The applicant's proposed internal controls, including controls to ensure that no prohibited or
585 voluntarily excluded person will be able to participate in sports betting;

586 4. The applicant's history of working to prevent compulsive gambling, including training programs
587 for its employees;

588 5. The applicant's proposed procedures to detect and report suspicious or illegal betting activity; and

589 6. Any other information the Director deems necessary.

590 C. The chief security officer of the Department shall conduct a background investigation on the
591 applicant. The background investigation shall include a credit history check, a tax record check, and a
592 criminal history records check.

593 D. The Director shall issue no more than 10 permits pursuant to this section; however, if a permit is
594 revoked, expires, or otherwise becomes not effective, such permit shall not count against the limit. In
595 issuing permits pursuant to this article, the Director shall (i) issue permits to those applicants who he
596 determines will be best able to meet the duties of a permit holder, as specified in § 58.1-4034, and
597 maximize tax revenue pursuant to § 58.1-4037 and (ii) issue an amount of permits that he determines
598 will be most likely to maximize tax revenue collected pursuant to § 58.1-4037.

599 E. The Director shall make a determination on an application within 60 days of receipt. The
600 Director's action shall be final unless appealed in accordance with § 58.1-4007.

601 F. The following shall be grounds for denial of a permit or renewal of a permit:

602 1. The Director reasonably believes the applicant will be unable to satisfy the duties of a permit
603 holder as described in subsection A of § 58.1-4034;

604 2. The Director reasonably believes that the applicant or its directors lack good character, honesty,
605 or integrity;

606 3. The Director reasonably believes that the applicant's prior activities, criminal record, reputation,
607 or associations are likely to (i) pose a threat to the public interest, (ii) impede the regulation of sports
608 betting, or (iii) promote unfair or illegal activities in the conduct of sports betting;

609 4. The applicant or its directors knowingly make a false statement of material fact or deliberately
610 fail to disclose information requested by the Director;

611 5. The applicant or its directors knowingly fail to comply with the provisions of this article or any
612 requirements of the Director;

613 6. The applicant or its directors were convicted of a felony, a crime of moral turpitude, or any
614 criminal offense involving dishonesty or breach of trust within the 10 years prior to the submission date
615 of the permit application;

616 7. The applicant's license, registration, or permit to conduct a sports betting operation issued by any
617 other jurisdiction has been suspended or revoked;

618 8. The applicant defaults in payment of any obligation or debt due to the Commonwealth; or

619 9. The applicant's application is incomplete.

620 G. Prior to issuance of a permit, each permit holder shall either (i) be bonded by a surety company
621 entitled to do business in the Commonwealth in such amount and penalty as may be prescribed by the
622 regulations of the Board or (ii) provide other surety as may be satisfactory to the Director, payable to
623 the Department, and conditioned on performance of its duties under this article. Such surety shall be
624 prescribed by Board regulations and shall not exceed a reasonable amount.

625 H. Any person who knowingly and willfully falsifies, conceals, or misrepresents a material fact or
626 knowingly and willfully makes a false, fictitious, or fraudulent statement or representation in any
627 application pursuant to this article is guilty of a Class 1 misdemeanor.

628 **§ 58.1-4033. Renewals of permits.**

629 A. A permit issued pursuant to § 58.1-4032 shall be valid for three years from the date issued.

630 B. At least 60 days before the expiration of a permit, the permit holder shall submit a renewal
631 application, on forms prescribed by the Director, with a renewal fee of \$200,000.

632 C. The Director may deny a permit renewal if he finds grounds for denial as described in subsection
633 F of § 58.1-4032. The Director's action shall be final unless appealed in accordance with § 58.1-4007.

634 **§ 58.1-4034. Duties of permit holders.**

635 A. A permit holder shall ensure that its sports betting operation takes reasonable measures to:

636 1. Ensure that only persons physically located in Virginia are able to place bets through its sports
637 betting platform;

638 2. Protect the confidential information of bettors using its sports betting platform;

639 3. Prevent betting on events that are prohibited by § 58.1-4039, underage betting as prohibited by
640 § 58.1-4040, and bets by persons who are prohibited from sports betting by § 58.1-4041;

641 4. Allow persons to restrict themselves from placing bets with the permit holder, including sharing,
642 at the person's request, his request for self-exclusion with the Department for the sole purpose of
643 disseminating the request to other permit holders;

644 5. Establish procedures to detect suspicious or illegal betting activity, including measures to
645 immediately report such activity to the Department; and

646 6. Provide for the withholding of the applicable amount of state and federal income tax of persons
647 who receive income from sports betting.

648 B. A permit holder shall maintain records on:

649 1. All bets, including the bettor's personal information, the amount and type of bet, the time and
650 location of the bet, and the outcome of the bet; and

651 2. Suspicious or illegal betting activity.

652 C. A permit holder shall disclose the records described in subsection B to the Department upon
653 request and shall maintain such records for at least three years after the related sports event occurs.

654 D. 1. If a sports governing body notifies the Department that real-time information-sharing for bets
655 placed on its sporting events is necessary and desirable, permit holders shall, as soon as is
656 commercially reasonable, share the information required to be retained pursuant to subdivision B 1 of
657 § 58.1-4034 with the sports governing body or its designee with respect to bets on its sporting events.
658 The information shared pursuant to this subsection shall be shared pseudonymously and shall not
659 include personal information associated with any bettor. A permit holder shall not be required to share
660 any information that is required to be kept confidential under federal or Virginia law.

661 2. A sports governing body shall use information shared pursuant to this subsection only for the
662 purpose of integrity monitoring and shall not use such information for any commercial purpose. A
663 sports governing body shall provide for security measures with respect to such information so as to
664 prevent unauthorized access and distribution.

665 E. In advertising its sports betting operations, a permit holder shall ensure that its advertisements:

666 1. Do not target persons under the age of 21;

667 2. Disclose the identity of the permit holder;

668 3. Provide information about or links to resources related to gambling addiction; and

669 4. Are not misleading to a reasonable person.

670 F. A permit holder shall not sublicense, convey, concede, or otherwise transfer its permit to a third
671 party unless granted approval by the Director. The Director shall charge a fee of \$200,000 for a permit
672 transfer.

673 G. A permit holder is prohibited from holding itself out to the public as a sports betting operation

674 *under more than one brand. The permit holder shall conspicuously display its identity to sports bettors.*

675 **§ 58.1-4035. Suspension and revocation of permits; civil penalties.**

676 *If the Director determines that a permit holder has violated this article, he may, with at least 15*
 677 *days' notice and a hearing, (i) suspend or revoke the permit holder's permit and (ii) impose a monetary*
 678 *penalty of not more than \$1,000 for each violation of this article. The Department shall enforce civil*
 679 *penalties under this section and shall deposit all collected penalties to the general fund. The Director's*
 680 *action shall be final unless appealed in accordance with § 58.1-4007.*

681 **§ 58.1-4036. Use of official league data.**

682 *A. A permit holder may use any data source for determining the result of a tier 1 bet.*

683 *B. A sports governing body may notify the Department that it desires permit holders to use official*
 684 *league data to settle tier 2 bets. A notification under this subsection shall be made according to forms*
 685 *and procedures prescribed by the Director. The Director shall notify each permit holder of the sports*
 686 *governing body's notification within five days after the Department's receipt of the notification. If a*
 687 *sports governing body does not notify the Department of its desire to supply official league data, a*
 688 *permit holder may use any data source for determining the result of a tier 2 bet on a professional*
 689 *sports event of the league governed by the sports governing body.*

690 *C. Within 60 days after the Director notifies each permit holder as required under subsection B,*
 691 *permit holders shall use only official league data to determine the results of tier 2 bets on professional*
 692 *sports events of the league governed by the sports governing body, unless any of the following apply:*

693 *1. The sports governing body is unable to provide a feed, on commercially reasonable terms, of*
 694 *official league data to determine the results of a tier 2 bets, in which case permit holders may use any*
 695 *data source for determining the results of tier 2 bets until the data feed becomes available on*
 696 *commercially reasonable terms.*

697 *2. A permit holder demonstrates to the Department that the sports governing body has not provided*
 698 *or offered to provide a feed of official league data to such permit holder on commercially reasonable*
 699 *terms, according to criteria identified in subsection D.*

700 *D. The Director shall consider the following information in determining whether a sports governing*
 701 *body has provided or offered to provide a feed of official league data on commercially reasonable*
 702 *terms:*

703 *1. The availability of a sports governing body's official league data for tier 2 bets from more than*
 704 *one authorized source;*

705 *2. Market information regarding the purchase, in Virginia and in other states, by permit holders of*
 706 *data from all authorized sources;*

707 *3. The nature and quantity of the data, including the quality and complexity of the process used for*
 708 *collecting the data; and*

709 *4. Any other information the Director deems relevant.*

710 *E. During any time period in which the Director is determining whether official league data is*
 711 *available on commercially reasonable terms pursuant to the provisions of subsections C and D, a permit*
 712 *holder may use any data source for determining the results of any tier 2 bets. The Director shall make*
 713 *a determination under subsections C and D within 120 days after a permit holder notifies the*
 714 *Department that it desires to demonstrate that a sports governing body has not provided or offered to*
 715 *provide a feed of official league data to the permit holder on commercially reasonable terms.*

716 **§ 58.1-4037. Tax on adjusted gross revenue.**

717 *A. There shall be imposed a tax of 20 percent on a permit holder's adjusted gross revenue.*

718 *B. The tax imposed pursuant to this section is due monthly to the Department, and the permit holder*
 719 *shall remit it on or before the twentieth day of the next succeeding calendar month. If the permit*
 720 *holder's accounting necessitates corrections to a previously remitted tax, the permit holder shall*
 721 *document such corrections when it pays the following month's taxes.*

722 **§ 58.1-4038. Distribution of tax revenue.**

723 *A. The Department shall allocate 2.5 percent of the tax revenue collected pursuant to § 58.1-4037 to*
 724 *the Sports Betting Operations Fund established pursuant to § 58.1-4045.*

725 *B. The Department shall allocate 2.5 percent of the tax revenue collected pursuant to § 58.1-4037 to*
 726 *the Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.1.*

727 *C. The Department shall allocate the remaining 95 percent of the tax revenue collected pursuant to*
 728 *§ 58.1-4037 to the Revenue Reserve Fund established pursuant to § 2.2-1831.2.*

729 **§ 58.1-4039. Events on which betting is prohibited; penalty.**

730 *A. No person shall place or accept a bet on youth sports.*

731 *B. 1. A sports governing body may notify the Department that it desires to restrict, limit, or prohibit*
 732 *sports betting on its sporting events by providing notice in accordance with requirements prescribed by*
 733 *the Director. A sports governing body may request to restrict the types of bets that may be offered.*

734 *2. For any request made pursuant to subdivision 1, a sports governing body shall bear the burden of*
 735 *establishing to the satisfaction of the Director that the relevant betting or other activity poses a*

736 significant and unreasonable integrity risk. The Director shall seek input from affected permit holders
737 before making a determination on such request.

738 3. If the Director denies a request made pursuant to subdivision 1, the Director shall give the sports
739 governing body notice and the right to be heard and offer proof in opposition to such determination in
740 accordance with regulations established by the Board. If the Director grants a request, the Board shall
741 promulgate by regulation such restrictions, limitations, or prohibitions as may be requested.

742 3. A permit holder shall not offer or take any bets in violation of regulations promulgated by the
743 Board pursuant to this subsection.

744 C. Any person convicted of violating this section is guilty of a Class 1 misdemeanor.

745 **§ 58.1-4040. Underage betting prohibited; penalty.**

746 A. No person shall knowingly accept or redeem a sports bet by, or knowingly offer to accept or
747 redeem a sports bet on behalf of, a person under the age of 21 years.

748 B. Any person convicted of violating this section is guilty of a Class 1 misdemeanor.

749 **§ 58.1-4041. Persons prohibited from sports betting; penalty.**

750 A. The following persons shall be prohibited from sports betting:

751 1. The Director and any Board member, officer, or employee of the Department;

752 2. Any permit holder;

753 3. Any director, officer, owner, or employee of a permit holder and any relative living in the same
754 household as such persons; and

755 4. Any officer or employee of any entity working directly on a contract with the Department related
756 to sports betting.

757 B. The persons described in subdivision A 3 shall be prohibited from sports betting only with respect
758 to the related permit holder, but shall not be prohibited from placing sports bets with other permit
759 holders.

760 C. Any competitor, coach, trainer, employee, or owner of a team in a professional or college sports
761 event, or any referee for a professional or college sports event, shall be prohibited from placing a bet
762 on any event in a league in which such person participates. In determining which persons are
763 prohibited from placing wagers under this subsection, a permit holder shall use publicly available
764 information and any lists of persons that a sports governing body may provide to the Department.

765 D. Any person convicted of violating this section is guilty of a Class 1 misdemeanor.

766 **§ 58.1-4042. Operation and advertising of unpermitted facilities prohibited; penalty.**

767 A. No person, except for a permit holder authorized pursuant to the provisions of this article, shall
768 make its premises available for placing sports bets using the Internet or advertise that its premises may
769 be used for such purpose.

770 B. The Director may impose a monetary penalty of for each violation of this section. For a person
771 determined to have made its premises available for placing sports bets using the Internet, the penalty
772 shall not exceed \$1,000 per day per individual who places a sports bet. For a person determined to
773 have advertised that its premises may be used for such purpose, the penalty shall not exceed \$10,000
774 per violation.

775 **§ 58.1-4043. Cooperation with investigations by sports governing bodies and law enforcement.**

776 The Department and permit holders shall cooperate with investigations conducted by sports
777 governing bodies or law-enforcement agencies. Such cooperation shall include providing or facilitating
778 the provision of account-level betting information and audio or video files relating to persons placing
779 wagers.

780 **§ 58.1-4044. Required direct notification to the Department and to sports governing bodies.**

781 A. A permit holder shall, as soon as is commercially reasonable, report to the Department any
782 information relating to:

783 1. Criminal or disciplinary proceedings commenced against the permit holder in connection with its
784 operations;

785 2. Abnormal betting activity or patterns that may indicate a risk to the integrity of an athletic event;

786 3. Any potential breach of a sports governing body's rules and codes of conduct pertaining to sports
787 betting, to the extent that such rules and codes of conduct are provided to and known by the permit
788 holder;

789 4. Any conduct that may alter the outcome of an athletic event for purposes of financial gain,
790 including match fixing; and

791 5. Suspicious or illegal wagering activities, including using funds derived from illegal activity to
792 place bets, using bets to conceal or launder funds derived from illegal activity, using agents to place
793 bets, and using false identification to place bets.

794 B. A permit holder shall, as soon as is commercially practicable, report the information described in
795 subdivisions A 2, 3, and 4 to any sports governing body that may be affected by the activities described
796 in subdivisions A 2, 3, and 4.

797 **§ 58.1-4045. Sports Betting Operations Fund.**

798 *There is hereby created in the state treasury a special nonreverting fund to be known as the Sports*
 799 *Betting Operations Fund, referred to in this section as "the Fund." The Fund shall be established on the*
 800 *books of the Comptroller. All revenues allocated by the Department under § 58.1-4038 for deposit into*
 801 *the Fund shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in*
 802 *the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including*
 803 *interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in*
 804 *the Fund. Moneys in the Fund shall be used by the Lottery to fund its operations as it relates to the*
 805 *administration and regulation of sports betting pursuant to this article. Expenditures and disbursements*
 806 *from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written*
 807 *request signed by the chairman of the Board.*

808 **§ 58.1-4046. Liquidity pools.**

809 *The Board may promulgate rules authorizing permit holders to offset loss and manage risk, directly*
 810 *or with a third party approved by the Director, through the use of a liquidity pool in Virginia or*
 811 *another jurisdiction so long as such permit holder, or an affiliate of such permit holder, is licensed by*
 812 *such jurisdiction to operate a sports betting business. However, a permit holder's use of a liquidity pool*
 813 *shall not eliminate its duty to ensure that it has sufficient funds available to pay bettors.*

814 **§ 58.1-4047. Intermediate routing of electronic data.**

815 *All sports betting shall be initiated and received within Virginia unless otherwise permitted by*
 816 *federal law. Consistent with the intent of the United States Congress as expressed in the Unlawful*
 817 *Internet Gambling Enforcement Act, 31 U.S.C. § 5361 et seq., the intermediate routing of electronic data*
 818 *relating to lawful intrastate sports betting authorized under this article shall not determine the location*
 819 *in which such bet is initiated and received.*

820 **§ 58.1-4048. Certain provisions in Article 1 (§ 58.1-4000 et seq.) to apply, mutatis mutandis.**

821 *Except as provided in this article, the provisions of Article 1 (§ 58.1-4000 et seq.) shall apply to*
 822 *sports betting under this article. The Board shall promulgate regulations to interpret and clarify the*
 823 *applicability of Article 1 to this article.*

824 **§ 59.1-364. Control of racing with pari-mutuel wagering.**

825 *A. Horse racing with pari-mutuel wagering as licensed herein shall be permitted in the*
 826 *Commonwealth for the promotion, sustenance and growth of a native industry, in a manner consistent*
 827 *with the health, safety and welfare of the people. The Virginia Racing Commission is vested with*
 828 *control of all horse racing with pari-mutuel wagering in the Commonwealth, with plenary power to*
 829 *prescribe regulations and conditions under which such racing and wagering shall be conducted, so as to*
 830 *maintain horse racing in the Commonwealth of the highest quality and free of any corrupt, incompetent,*
 831 *dishonest or unprincipled practices and to maintain in such racing complete honesty and integrity. The*
 832 *Virginia Racing Commission shall encourage participation by local individuals and businesses in those*
 833 *activities associated with horse racing.*

834 *B. The conduct of any horse racing with pari-mutuel wagering participation in such racing or*
 835 *wagering and entrance to any place where such racing or wagering is conducted is a privilege which*
 836 *may be granted or denied by the Commission or its duly authorized representatives in its discretion in*
 837 *order to effectuate the purposes set forth in this chapter.*

838 *C. The award of any prize money for any pari-mutuel wager placed at a racetrack or satellite facility*
 839 *licensed by the Commission shall not be deemed to be a part of any gaming contract within the purview*
 840 *of § 11-14.*

841 *D. This section shall not apply to any sports betting or related activity that is lawful under Article 2*
 842 *(§ 58.1-4030 et seq.) of Chapter 40 of Title 58.1, which shall be regulated pursuant to such chapter.*

843 **§ 59.1-569. Fantasy contests conducted under this chapter not illegal gambling.**

844 *A. Nothing contained in Article 1 (§ 18.2-325 et seq.) of Chapter 8 of Title 18.2 shall be applicable*
 845 *to a fantasy contest conducted in accordance with this chapter. The award of any prize money for any*
 846 *fantasy contest shall not be deemed to be part of any gaming contract within the purview of § 11-14.*

847 *B. This section shall not apply to any sports betting or related activity that is lawful under Article 2*
 848 *(§ 58.1-4030 et seq.) of Chapter 40 of Title 58.1, which shall be regulated pursuant to such chapter.*

849 **2. That § 58.1-4007.2 of the Code of Virginia is repealed.**