

**PROPOSED NEVADA DAILY FANTASY SPORTS LEGISLATION
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NRS 463. < > License required for person to operate fantasy gaming, powers and duties of Commission; regulations; conditions; limitations; penalty.

1. **Definitions.** As used in this chapter, the following words and terms shall the following meanings:

- (a) **“Board”** means the Nevada Gaming Control Board.
- (b) **“Commission”** means the Nevada Gaming Commission.
- (c) **“Confidential information”** means non-public information related to the play of paid fantasy games by game participants obtained solely as a result of or by virtue of a person's employment by an Operator of a Fantasy Game.
- (d) **“Operator of a Fantasy Game”** or **“Operator”** means a person who:
 - 1. Is engaged in the business of professionally conducting paid fantasy games for cash prizes for members of the general public; and
 - 2. Requires cash or a cash equivalent as an entry fee to be paid by a member of the general public who participates in a paid fantasy game.
- (e) **“Game participant”** means an individual who participates in a paid fantasy game offered by an Operator of a Fantasy Game.
- (f) **“Fantasy Gaming license”** has the same meaning as in NRS 463.< >.
- (g) **“Gross fantasy game revenues”** shall mean the amount equal to the total of all entry fees that a game operator collects from all game participants, less the total of all sums paid out as winnings to all game participants, multiplied by the resident percentage for Nevada; provided, however, that the total of all sums paid out as winnings to players shall not include the cash equivalent value of any merchandize or thing of value awarded as a prize.
- (h) **“Paid fantasy game”** means any fantasy or simulation game or contest that meets the following conditions:
 - 1. The values of all prizes and awards offered to winning game participants are established and made known to the game participants in advance of the game or contest.
 - 2. All winning outcomes reflect the relative knowledge and skill of the game participants and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sporting events.
 - 3. No winning outcome is based on the score, point spread, or performance or performances of any single team or combination of teams, or solely on any single performance of an individual athlete or player in any single event.
 - 4. The statistical results of the performance of individuals under subdivision 2 are not based on college or high school sports.
 - 5. All game participants must pay, with cash or a cash equivalent, an entry fee to participate.

6. Unless authorized by the Commission, no winning outcome is based on the accumulated statistical results of a performance by an individual or horse in a race or races at a meeting conducted in accordance with chapter 466.

(i) “**Resident percentage**” shall mean, for each paid fantasy sports game, the percentage, rounded to the nearest tenth of a percent, of the total entry fees collected from players located in Nevada, divided by the total entry fees collected from all game participants in paid fantasy sports games.

2. The Commission shall, with the advice and assistance of the Board, adopt regulations governing the licensing and operation of paid fantasy games to effectuate the purposes of this chapter. The Commission shall not adopt rules or regulations limiting or regulating the rules or administration of an individual fantasy sports contest, the statistical makeup of a fantasy sports contest, or the digital platform of a fantasy sports contest operator.

3. The regulations adopted by the Commission pursuant to this section may:

(a) Establish a process for:

(i) The licensing of applicants to be an Operator of Fantasy Games;

(ii) Collecting an application fee of \$500.00

(b) Provide that:

(i) A person must hold a Fantasy Gaming license to be an Operator Fantasy Games in the State of Nevada; and

(ii) Only persons who have attained the age of eighteen (18) may participate in paid fantasy games.

4. The Commission, in consideration of an application, shall:

(a) Issue a Fantasy Gaming license to operate paid fantasy games to a person who satisfies the applicable requirements set forth herein;

(b) Require an affiliate that receives a Fantasy Gaming license pursuant to this subsection to comply with any applicable provision of this chapter;

(c) Elect to limit or condition the issuance of a Fantasy Gaming license to operate fantasy gaming;

(d) Deny an application for approval to operate paid fantasy games to a person who, the Commission determines in its discretion, has not met the applicable requirements set forth herein;

(e) Refer an application back to the Board for further investigation; or

(f) Accept a withdrawal of the application by the applicant.

5. It is unlawful for any person, either as owner, lessee or employee, whether for hire or not, either solely or in conjunction with others, to operate paid fantasy games unless the person first procures, and thereafter maintains in effect, a Fantasy Gaming license as required by the regulations adopted by the Commission pursuant to this section.

NRS 463.< > Requirements for licensure as Operator of a Fantasy Game.

1. An applicant for a Fantasy Gaming license to operate paid fantasy games in Nevada shall meet the following requirements:

(a) pay an application fee to the Board the sum of \$500.00;

(b) submit to the Board a written plan:

(i) demonstrating the means by which the applicant will verify the identity and age of patrons who wish to participate in a paid fantasy game conducted under this chapter.

(ii) providing for the segregation of patron funds in bank accounts separate from the operating funds of the applicant whereby patron funds shall be protected from use for anything other than game participant play or distribution to game participants;

(iii) providing for a means where patrons can restrict or limit themselves from participation in paid fantasy games;

(iv) providing for restricting employees, directors, and equity owners of more than fifteen percent (15%) of the entity from being a game participant in any public paid fantasy game offered by the fantasy game operator;

(v) providing for reasonable method of restricting an individual who is a player, game official, or other participant in an actual sporting event or competition from participating in any paid fantasy game that is determined in whole or in part on the performance of that individual, the individual's actual team, or the accumulated statistical results of the sporting event or competition in which the individual is a player, game official, or other participant;

(vi) providing for a means to protect the financial information and personal information of game participants in paid fantasy games conducted in the State of Nevada; and

(vii) providing for a means to prevent employees of the Operator of a Fantasy game from sharing confidential information that could affect paid fantasy game play with third parties until the information is made publicly available.

(d) provide the full name and address of the entity seeking licensure as well as the state of incorporation;

(e) provide the following information with respect to each equity owner with an interest greater than fifteen percent (15%) of the applicant:

(i) full name;

(ii) social security number or tax identification number;

(iii) date of birth;

(iv) address;

(f) agree to contract annually with a certified public accountant to perform a financial audit of the Operator's paid fantasy game operations under this chapter to ensure compliance with this chapter. The audit shall provide for a table reflecting Resident Percentage. The Operator shall submit the results of the annual audit to the Board.

(g) provide required business licenses to conduct business in the State of Nevada.

(h) provide a statement that the information required of this section is accurate and complete.

NRS 463. < > Annual license fee based on revenue from operating fantasy gaming; renewal fee.

1. For the privilege of conducting paid fantasy sports games under this chapter, a game operator shall pay to the Board an initial licensure fee that shall be the lesser of:

(a) Ten thousand dollars (\$10,000); or

(b) Five percent of the Operator's gross fantasy game revenues for the preceding 12 months.

2. On the anniversary date of the payment made under subsection 1, a game operator shall annually pay to the Board an annual licensure renewal fee which shall be the lesser of:

(a) Ten thousand dollars (\$10,000); or

(b) Five percent of the game Operator's gross fantasy sports game revenues for the preceding 12 months of licensure.

3. All fees associated with paid fantasy games collected by the Board shall be deposited in the State General Fund.

4. The payments of fees shall be provided to the Board and paid in a manner provided by the Board and on forms, electronic or otherwise required by Board.

5. There shall be no refunds of any annual license fees collected by the Board.

NRS 463. < > Restriction of marketing and promotion of paid fantasy games.

1. A game Operator may not advertise nor promote a paid fantasy game in any publication or medium that, in the judgment of the Commission, is aimed exclusively to individuals under 18 years of age.

2. The Commission shall publish and make available to operators of fantasy games a list of publications and mediums it has judged to be aimed exclusively to individuals under 18 years of age. An operator of a fantasy game shall not be in violation of this section unless it places advertising or promotes a paid fantasy game in a listed publication or medium.

NRS 463. < > Exemptions from certain fees and taxes.

NRS 463. < > Classification of fantasy games.

1. A paid fantasy game conducted under this chapter does not constitute:

(a) A sports pool as defined in NRS 463.0193;

(b) A gambling game as defined in NRS 463.0152; or

(c) A lottery as defined in NRS 462.105(1).

NRS 463. < > List of licensees and denied applicants available to the public.

1. The Commission shall, independently or in conjunction with the Board, establish and maintain a website for the benefit of the public that contains the following information:

(a) A complete list of those persons or entities who are granted Fantasy Gaming licenses including any limitation or conditions pertaining to such licenses;

(b) A complete list of those persons or entities who were denied Fantasy Gaming licenses to conduct fantasy gaming; and

(c) A complete list of those persons who have an application for Fantasy Gaming license on file with the Board that is deemed a complete application.

NRS 463. < > Disciplinary Actions and Penalties.

1. The Board may initiate investigations into alleged violations of this chapter.

2. The Commission, on the recommendation of the Board, may impose a civil penalty upon a Operator of a Fantasy Game, the holder of a Fantasy Gaming license, or an employee of a game operator or the holder of a Fantasy Gaming license for a violation of this chapter. The maximum amount of a civil penalty imposed under this section for a particular violation is one thousand dollars (\$1,000). All civil penalties received under this section shall be deposited in the State General Fund.

3. The Commission, on the recommendation of the Board, may take appropriate enforcement or disciplinary action against a person who violates this chapter, including the suspension or revocation of any Fantasy Gaming license issued under this chapter.