

Fantasy Sports in Nevada: Where Do We Go From Here?

Scott S. Ward, Orrick Herrington & Sutcliffe





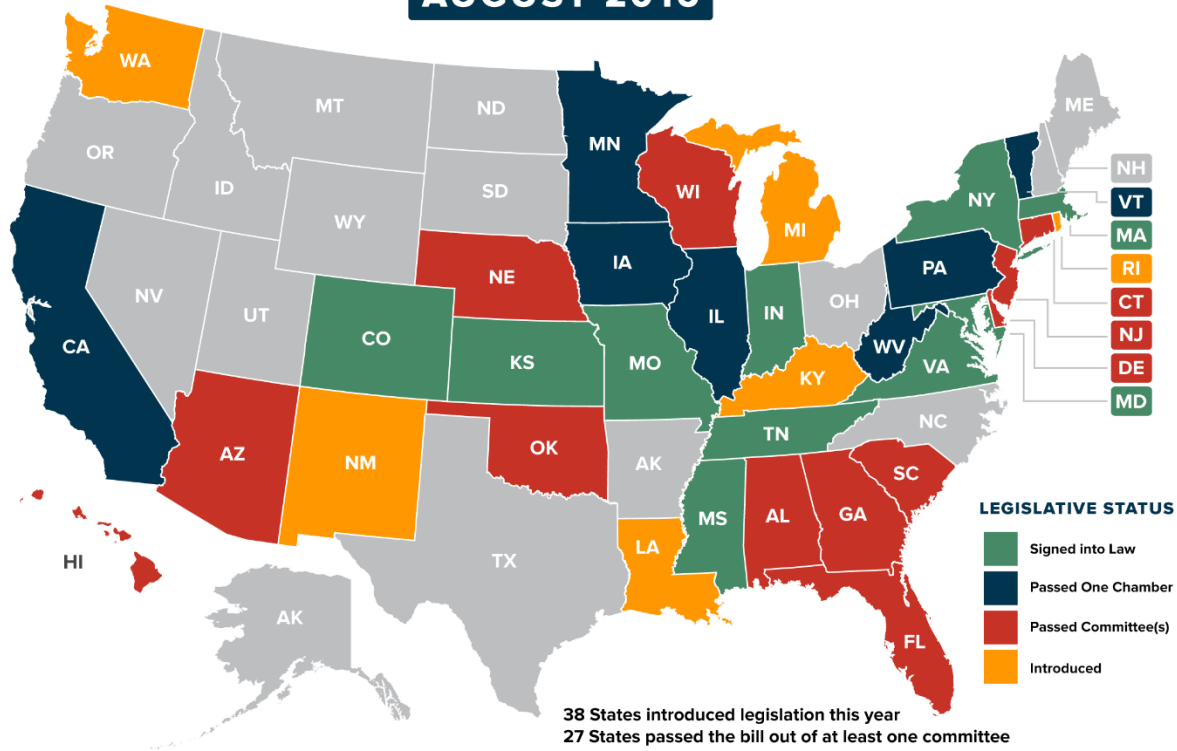
55 MILLION+

- **Today, over 55 million Americans participate in fantasy sports contests. And they do so because it is a form of entertainment that gives them a deeper appreciation of the sports that they love.**
- **More than 10 million Americans are playing daily or weekly fantasy sports. These are the fastest growing segment of fantasy sports.**

How Do We License and Regulate Fantasy Sports?

STATUS OF **STATE LEGISLATION**

AUGUST 2016



38 States introduced legislation this year
27 States passed the bill out of at least one committee
15 States passed the bill out of at least one legislative chamber
10 Governors have signed the bill into law to date

SUMMARY OF PASSED LEGISLATION

State	Effective Date	# of Fantasy players (est.)	# of DFS players (est.)	Oversight Agency	Registration Fee	Renewal Fee	Tax	Min . Age	Bond
Colorado	Bill effective: 8/10/16 Applies to conduct after: 7/1/2017	814,456	169,795	Department of Regulatory Agencies - Division of Professions and Occupations.	To be established by the department's director.	To be established by the department's director.	N/A	18	N/A
Indiana	Currently in effect	1,050,023	161,282	Indiana Gaming Commission.	At least \$50,000 (division may increase fee up to \$75,000 to pay for all direct and indirect costs of operation).	\$5,000 (to be paid on anniversary of initial registration.)	N/A	18	N/A
Kansas	Currently in effect	462,050	64,272	N/A	N/A	N/A	N/A	18	N/A
Massachusetts	Currently in effect	1,060,000	419,000	Attorney General	N/A	N/A	N/A	21	N/A
Maryland	2012 bill currently in effect.	935,001	185,067	Office of the Comptroller	N/A	N/A	N/A	18	N/A
Mississippi	Currently in effect.	480,540	58,247	Mississippi Gaming Commission	N/A	N/A	N/A	18	N/A
Missouri	8/28/2016	969,880	148,229	Missouri Gaming Commission	\$10,000 (lower of \$10,000 or 10% net revenue).	\$10,000 (lower of \$10,000 or 10% net revenue).	11.5%	18	N/A
New York	Currently in effect	3,138,199	547,838	New York State Gaming Commission	N/A	The commission shall establish a process for renewal.	15.5%	18	N/A
Tennessee	Currently in effect	1,027,724	144,755	Secretary of State	\$75,000* (maximum, based on revenues generated previous year. > \$2M = \$75,000, \$1M - \$2M = \$50,000, \$0.5M - \$1M = \$22,500, etc.)	\$75,000* (maximum, based on revenues generated previous year. >\$2M = \$75,000, \$1M - \$2M = \$50,000, \$0.5M - \$1M = \$22,500, etc.)	6%	18	N/A
Virginia	7/1/2016	1,295,731	232,672	Department of Agriculture and Consumer Services	\$50,000 (Reviewed every 2 years so that funds collected are never more than 10% greater or less than the cost of administration).	To be determined by regulator	N/A	18	N/A

1

2

3

- **Bills consist of three component parts:**
 - 1) Legal Clarity**
 - 2) Consumer Protections**
 - 3) Oversight Agency**

- **Licensure by the Nevada Gaming Commission.**
- **Prohibitions on minors, college and high school sports, and horse racing.**
- **Protection of player funds.**
- **Prohibition on employee, athlete, and game official play.**

- **Annual compliance audit.**
- **Nevada Gaming Commission rulemaking.**

- **Fantasy Sports Operators are different from Casinos and Bookmakers:**
 - 1) **No brick and mortar facility. Everything online.**
 - 2) **No house.**
 - 3) **No control of the means of determining the contest.**



Fantasy Sports Contests are Nationwide Games

Legislation and regulation should not be heavy-handed.

Don't stifle innovation.

Don't create undue barriers to entry.