

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

S

D

SENATE BILL 38  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S38-PCS35412-STxfr-52

Short Title: Sports Wagering Amendments.

(Public)

Sponsors:

Referred to:

February 2, 2021

1 A BILL TO BE ENTITLED  
2 AN ACT TO MODIFY SPORTS WAGERING REGULATION IN NORTH CAROLINA.  
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** If Senate Bill 688, 2021 Regular Session, becomes law, Article 9 of  
5 Chapter 18C of the General Statutes, as enacted by that act, reads as rewritten:

6 "Article 9.

7 "Sports Wagering.

8 **"§ 18C-901. Definitions.**

9 As used in this Article, the following definitions apply:

- 10 (1) ~~Adjusted gross revenue. — Gross wagering revenue received by an interactive~~  
11 ~~sports wagering operator from all sports wagers authorized under this Article~~  
12 ~~minus all of the following with respect to that gross wagering revenue~~  
13 ~~received under this Article:~~  
14 a. ~~All cash or cash equivalents paid out as winnings to registered players.~~  
15 b. ~~The costs paid by an interactive sports wagering operator for any~~  
16 ~~personal property distributed to a registered player as a result of a~~  
17 ~~sports wager.~~  
18 c. ~~The cash value of any bonuses or promotional credits provided to~~  
19 ~~registered players that are then returned to an interactive sports~~  
20 ~~wagering operator in the form of a deposit or wager.~~  
21 d. ~~Uncollectible receivables, not to exceed four percent (4%) of gross~~  
22 ~~revenue, except that the Commission may increase that percentage~~  
23 ~~upon a showing that a higher amount is reasonable.~~  
24 e. ~~Excise tax payments on sports wagers remitted to the federal~~  
25 ~~government.~~  
26 (2) Amateur sports. — A sporting competition that is not a professional sport,  
27 ~~collegiate~~ college sport, or youth sport. This term includes domestic,  
28 international, and Olympic sporting competitions.  
29 (3) Cash equivalent. — An asset convertible to cash for use in connection with  
30 authorized sports wagering that includes all of the following:  
31 a. Foreign currency and coin.  
32 b. Personal checks and drafts.  
33 c. Digital, crypto, and virtual currencies.  
34 d. Online and mobile payment systems that support online money  
35 transfers.  
36 e. Credit cards and debit cards.



\* S 3 8 - P C S 3 5 4 1 2 - S T X F R - 5 2 \*

- 1 f. A prepaid access instrument.
- 2 g. Any other form approved by the Commission.
- 3 (4) College sports. – An athletic or sporting competition in which at least one
- 4 participant is a team or contestant competing on behalf of or under the
- 5 sponsorship of a public or private institution of postsecondary education.
- 6 (5) Covered services. – Any service creating sports wagering markets and
- 7 determination of sports wager outcomes that involves the operation,
- 8 management, or control of sports wagers authorized by this Article, including
- 9 the development or operation of the sports wagering platform and the
- 10 ~~provision~~ determination of odds and or line information, excluding
- 11 information. The term shall not include any of the following:
- 12 a. Payment processing and similar financial services.
- 13 b. Customer identity, age verification, and geolocation services.
- 14 c. Streaming or other video and data that does not include the
- 15 determination of odds or line information.
- 16 d. Telecommunications, internet service ~~provider~~, providers, and other
- 17 similar services not specifically designed for sports wagering.
- 18 e. Other goods or services not specifically designed for use in connection
- 19 with sports wagering.
- 20 (6) Electronic sports. – Leagues, competitive circuits, tournaments, or similar
- 21 competitions where individuals or teams play video games, typically for
- 22 spectators, either in-person or online, for the purpose of prizes, money, or
- 23 entertainment.
- 24 (6m) Geofencing. – Technology approved by the Commission and utilized by an
- 25 interactive sports wagering operator to verify a registered player's geolocation
- 26 prior to the time the registered player is placing a sports wager.
- 27 (7) Gross wagering revenue. – The total of all cash or cash equivalents received
- 28 by an interactive sports wagering operator ~~as from~~ sports wagers as authorized
- 29 under this Article.
- 30 (7m) Interactive account. – A mobile account established by a registered player for
- 31 the purpose of placing sports wagers in accordance with this Article.
- 32 (8) Interactive sports wagering operator. – The holder of an interactive sports
- 33 wagering license issued by the Commission.
- 34 (9) Key person. – An officer or director of an interactive sports wagering operator
- 35 who is directly involved in the operation, management, or control of sports
- 36 wagering authorized under this Article, or who exercises substantial influence
- 37 or control over the interactive sports wagering operator's sports wagering
- 38 activities.
- 39 (10) Official league data. – Statistics, results, outcomes, and other data relating to
- 40 a sporting event obtained pursuant to an agreement with the relevant sports
- 41 governing body or an entity expressly authorized by the relevant sports
- 42 governing body to provide such data.
- 43 (10m) Parimutuel wager. – A betting system in which all of the bets of a particular
- 44 type are placed together in a pool and the sports wager is placed against other
- 45 bettors placing sports wagers on the same event of horse racing, dog racing,
- 46 or other sporting events in which the participants finish in a ranked order.
- 47 (11) Professional sports. – An athletic or sporting competition involving at least
- 48 two competitors who receive compensation for participating in such event.
- 49 (12) Registered player. – An individual who has established an account with an
- 50 interactive sports wagering operator.

- 1 (13) Service provider. – A business entity that provides covered services to an  
2 interactive sports wagering operator and holds a service provider license.
- 3 (14) Sporting event. – Professional sports, and college sports, and amateur sports,  
4 all of which may include electronic sports, and any other event approved by  
5 the Commission.
- 6 (15) Sports facility. – Any of the following:
- 7 a. A motorsports facility that hosts ~~professional sports~~ a National  
8 Association for Stock Car Auto Racing national touring race and has  
9 a minimum seating capacity of 17,000 people.
- 10 b. A facility that hosts a professional golf tournament with more than  
11 50,000 live spectators anticipated to attend based on similar prior  
12 tournaments.
- 13 c. A facility that is the home location of a professional sports team that  
14 competes in any of the following professional leagues:
- 15 1. Major League Baseball.
- 16 2. Major League Soccer.
- 17 3. National Basketball Association.
- 18 4. National Football League.
- 19 5. National Hockey League.
- 20 6. National Women's Soccer League.
- 21 (16) Sports governing body. – An organization headquartered in the United States  
22 and proscribes final rules with respect to a sporting event and enforces the  
23 code of conduct for participants therein.
- 24 (17) Sports wagering brand. – The names, logos, and brands that an interactive  
25 sports wagering operator advertises, promotes, or otherwise holds out to the  
26 public displaying its sports wagering platform.
- 27 (18) Sports wagering platform. – A website, mobile application, or other  
28 interactive platform accessible via the internet, mobile, wireless, or similar  
29 communication technology that a registered player may use to place sports  
30 wagers authorized under this Article.
- 31 (19) Sports wagering supplier. – A person that provides services, goods, software,  
32 or other components necessary for the creation of sports wagering markets  
33 and ~~determining~~ determination of sports wager outcomes, directly or  
34 indirectly, to any ~~license holder or applicant~~ interactive sports wagering  
35 operator or service provider involved in the acceptance of ~~wager~~, sports  
36 wagers, including any of the following: providers of data feeds and odds  
37 services, internet platform providers, risk management providers, integrity  
38 monitoring providers, and other providers of sports wagering supplier services  
39 as determined by the Commission. ~~A~~ The term does not include a sports  
40 governing body that provides raw statistical match data to one or more  
41 designated and licensed providers of data and odds ~~services shall not be a~~  
42 ~~sports wagering supplier services.~~
- 43 (20) Sports wager or sports wagering. – Placing of wagers via an interactive  
44 account on any of the following: (i) a sporting event, (ii) a portion of a sporting  
45 event, ~~or on~~ (iii) the individual performance statistics of athletes in a sporting  
46 event or combination of sporting events, ~~by any system or method of~~  
47 wagering, that may include in person, over the internet through websites, or  
48 mobile devices. ~~or~~ (iv) a parimutuel wager. The term also includes  
49 single-game wagers, teaser wagers, parlays, over-under, moneyline, pools,  
50 exchange wagering, in-game wagering, in-play wagers, proposition wagers,  
51 and straight wagers.

- 1 (21) Tier one sports wager. – A sports wager that is determined solely by the final  
2 score or final outcome of the sporting event and is placed before the sporting  
3 event has begun.
- 4 (22) Tier two sports wager. – Any sports wager that is not a tier one sports wager.
- 5 (23) Tribal gaming enterprise. – A federally recognized Indian tribe that is  
6 authorized to conduct Class III games in accordance with the federal Indian  
7 Gaming Regulatory Act, 25 U.S.C. § 2701 et seq., in this State or a business  
8 entity owned or controlled by such tribe. Any federally recognized tribe, or  
9 business entity owned or controlled by the tribe, that is deemed an interactive  
10 sports wagering operator under this Article shall include authorization for any  
11 technology and sports wagering brand partners of the tribe or the business  
12 entity owned or controlled by the tribe, subject to compliance with the terms  
13 of this Article by the technology and sports wagering brand partners.
- 14 (24) Youth sports. – An event in which the majority of participants are under the  
15 age of 18 or are competing on behalf or under the sponsorship of one or more  
16 public or private preschool, elementary, middle, or secondary schools. The  
17 term does not include the following:
- 18 a. ~~professional sports~~ Professional sports.  
19 b. ~~or events~~ Sporting events that occur under the sponsorship or oversight  
20 of national or international athletic bodies that are not educational  
21 institutions and that include participants both over and under the age  
22 of 18.

23 **"§ 18C-902. Authorization of sports wagering generally.**

24 (a) Notwithstanding any provision of Article 37 of Chapter 14 of the General Statutes,  
25 sports wagering as authorized by this Article shall not be considered unlawful. All sports  
26 wagering authorized under this Article shall be placed via an interactive account as described in  
27 G.S. 18C-912 and shall be initiated and received within this State except as provided in  
28 G.S. 18C-928. The interactive sports wagering operator shall comply with the following:

- 29 (1) Ensure that the registered player is located within the State, and not present  
30 on Indian lands within the State, when placing any sports wager, utilizing  
31 geofencing.
- 32 (2) Monitor and block unauthorized attempts to place sports wagers.

33 (a1) This Article does not apply to interactive sports wagering conducted exclusively on  
34 Indian lands by an Indian tribe operating in accordance with a Tribal-State gaming compact and  
35 authorized to conduct Class III gaming pursuant to a compact with the State. For purposes of this  
36 Article, sports wagering is conducted exclusively on Indian lands only if the individual who  
37 places the sports wager is physically present on Indian lands when the sports wager is initiated  
38 and received on equipment that is physically located consistent with federal law, and the sports  
39 wager is initiated and received in conformity with the safe harbor requirements as provided in 31  
40 U.S.C. § 5362(10)(c).

41 (a2) An interactive sports wagering operator licensed under G.S. 18C-904 shall not accept  
42 any wager if the registered player placing the wager is physically present on Indian lands when  
43 the sports wager is initiated and received. Each interactive sports wagering operator licensed  
44 under G.S. 18C-904 shall use geofencing approved by the Commission to ensure compliance  
45 with this Article.

46 (b) Nothing in this Article shall apply to ~~any of the following~~:

- 47 (1) ~~Pari-mutuel sports wagering on horse racing as authorized by G.S. 14-292.2.~~
- 48 (2) ~~Fantasy-fantasy~~ or simulated games or contests in which one or more  
49 ~~participants-fantasy contest players~~ compete against each other and winning  
50 outcomes reflect the relative knowledge and skill of the ~~participants-fantasy~~  
51 ~~contest players~~ and are determined predominantly by accumulated statistical

1 results of the performance of ~~individuals or athletes~~individuals, including  
2 athletes in the case of sporting events.

3 (c) Nothing in this Article shall authorize any of the following:

4 (1) Sports wagering involving youth sports.

5 (2) Sports wagering on the occurrence of any of the following:

6 a. Injuries.

7 b. Penalties.

8 c. The outcome of disciplinary proceedings against a participant in a  
9 sporting event.

10 d. The outcome of replay reviews.

11 (3) The Commission serving as an operator of a sports wagering platform.

12 (4) Sports wagering on amateur sports.

13 ...

14 "§ 18C-903. Reserved for future codification purposes.

15 "§ 18C-904. **Interactive sports wagering license.**

16 (a) It shall be unlawful for any person to offer or accept sports wagers in this State without  
17 a valid interactive sports wagering license. Except as provided in G.S. 18C-928, the Commission  
18 shall authorize at least 10, but not more than 12, interactive sports wagering operators to offer  
19 and accept sports wagers to and from registered players on sporting events, which shall include  
20 any of the following:

21 (1) Professional sports.

22 (2) College sports.

23 (3) Electronic sports.

24 (4) ~~Amateur sports.~~

25 (5) Any other event approved by the Commission.

26 (b) The Commission shall review and issue sports wagering licenses to qualified  
27 applicants. The applicant shall complete and submit an application on a form prescribed by the  
28 Commission and a licensing fee of ~~five hundred thousand one million~~ one million dollars (\$500,000).  
29 (\$1,000,000). If the application is denied, the licensing fee shall be refunded, minus any expenses  
30 the Commission incurs in reviewing the application.

31 ...

32 (d) The Commission shall conduct a background investigation on the applicant and key  
33 persons as deemed necessary by the Commission. The background investigation shall include a  
34 credit history check, a tax record check, and a criminal history record check. The Commission  
35 may, in its discretion, accept the results of such prior check and an affidavit that there has been  
36 no change in criminal history since the prior check from an applicant or key person who has  
37 submitted to a criminal history record check in this or any other state within the previous 12  
38 months. The Commission may not award a license ~~to any if an applicant who has been convicted,~~  
39 or a key person of the applicant has been convicted, convicted of a felony or any gambling offense  
40 in any state or federal court of the United States within 10 years of application or renewal.

41 ...

42 (f) The Commission shall grant or deny all applications under this section. The grounds  
43 for denial of an interactive sports wagering license shall be the same as in G.S. 18C-906(g). If  
44 there are more qualified applicants than the number of interactive sports wagering operators  
45 authorized under subsection (a) of this section, the Commission shall select the best qualified  
46 ~~applicants~~ applicants, taking into consideration the following factors:

47 (1) The contents of the application submitted in accordance with this section.

48 (2) The extent to which the applicant demonstrates past experience, financial  
49 viability, compliance with applicable laws and regulations in other  
50 jurisdictions, and success with sports wagering operations in other  
51 jurisdictions.

- 1 (3) The extent to which the applicant is able to meet the duties of an interactive  
2 sports wagering operator.
- 3 (4) The amount of ~~adjusted-gross~~ wagering revenue and associated tax revenue  
4 that an applicant is projected to generate.
- 5 (5) Any other factors the Commission deems relevant.

6 (g) A person holding a license to engage in sports wagering, on the basis of comparable  
7 licensing requirements issued to that person by a proper authority ~~by~~ in another state or territory  
8 of the United States or the District of Columbia if that jurisdiction's requirements for licensure,  
9 certification, or registration are substantially equivalent to or exceed the requirements of this  
10 State, and who, in the opinion of the Commission otherwise meets the requirements of this Article  
11 based upon verified evidence may, upon application, be licensed as an interactive sports wagering  
12 operator with or without further examination. ~~examination, as determined by the Commission.~~  
13 The Commission may also accept another jurisdiction's or approved third party's testing of the  
14 interactive sports wagering platform as evidence that the sports wagering platform meets any  
15 requirements mandated by the Commission.

16 (h) The Commission shall review and issue interactive sports wagering licenses to  
17 qualified applicants within 60 days of receipt of a completed application. The Commission may  
18 extend the review period for an additional 30 days if the background check is outstanding. Any  
19 denial shall be in writing and state the grounds therefor.

20 ...

21 (j) Each interactive sports wagering operator shall promptly report all criminal or  
22 disciplinary proceedings commenced against that interactive sports wagering operator in  
23 connection with its operations to the Commission. Each interactive sports wagering operator shall  
24 promptly report to the Commission all changes in key persons, and all new key persons shall  
25 consent to a background check.

26 (k) No interactive sports wagering operator license is assignable or transferable without  
27 approval of the Commission.

28 "§ 18C-905. Reserved for future codification purposes.

29 "§ 18C-906. **Applications for service provider licenses.**

30 ...

31 (b) The Commission shall review and issue service provider licenses to qualified  
32 applicants within 60 days of receipt of a completed application. The Commission may extend the  
33 review period for an additional 30 days if the background check is outstanding. Any denial shall  
34 be in writing and state the grounds therefor. The applicant shall complete and submit an  
35 application on a form prescribed by the Commission and a licensing fee of ~~twenty-five-fifty~~  
36 ~~thousand dollars (\$25,000).~~ (\$50,000).

37 (c) The application shall set forth all of the following:

- 38 (1) The applicant's background in sports wagering or the covered service.
- 39 (2) All experience with sports wagering or other wagering activities in other  
40 jurisdictions, including the applicant's history, reputation of integrity and  
41 compliance, and a list of all active and inactive licenses, certifications, or  
42 registrations and reasons for inactivity, if applicable.
- 43 (3) A written information security program, detailing information security  
44 governance and the designation of a chief security officer or equivalent.
- 45 (4) Any personal information the Commission may deem necessary concerning  
46 the applicant's key persons.
- 47 (5) Any other information the Commission may deem necessary.

48 (d) The Commission shall conduct a background investigation on the applicant and key  
49 persons as deemed necessary by the Commission. The background investigation shall include a  
50 credit history check, a tax record check, and a criminal history record check. The Commission  
51 may, in its discretion, accept the results of such prior check and an affidavit that there has been

1 no change in criminal history since the prior check from an applicant or key person who has  
2 submitted to a criminal history record check in this or any other state within the previous 12  
3 months. The Commission may not award a license ~~to any if the applicant who has been convicted,~~  
4 or a key person of the applicant has been ~~convicted,~~ convicted of a felony or any gambling offense  
5 in any state or federal court of the United States within 10 years of application or renewal.

6 (e) An applicant and key ~~person~~ persons for licensure shall consent to a criminal history  
7 record check. Refusal to consent to a criminal history record check may constitute grounds for  
8 the Commission to deny licensure.

9 (f) A person holding a service provider license or its equivalent, on the basis of  
10 comparable licensing requirements issued to that person by a proper authority by another state or  
11 territory of the United States or the District of Columbia if that jurisdiction's requirements for  
12 licensure, certification, or registration are substantially equivalent to or exceed the requirements  
13 of this State, and who, in the opinion of the Commission otherwise meets the requirements of  
14 this Article based upon verified evidence may, upon application, be licensed as a service provider  
15 with or without further examination. ~~examination, as determined by the Commission.~~

16 ...

17 (i) Each service provider shall promptly report all criminal or disciplinary proceedings  
18 commenced against that service provider in connection with its operations to the Commission.  
19 Each service provider shall promptly report all changes in key persons to the Commission, and  
20 all new key persons shall consent to a background check.

21 (j) No service provider license is assignable or transferable without approval of the  
22 Commission.

### 23 "§ 18C-907. Sports wagering supplier license.

24 (a) The Commission may issue a sports wagering supplier license to a sports wagering  
25 supplier. ~~A person that is not licensed under this Article shall not sell, lease, distribute, offer, or~~  
26 ~~otherwise provide services, goods, software, or other components necessary for the creation of~~  
27 ~~betting markets and determining bet outcomes, directly or indirectly, to any license holder or~~  
28 ~~applicant involved in the acceptance of bets, except that an interactive sports wagering operator~~  
29 ~~shall not be required to obtain a separate sports wagering supplier license in order to act as a~~  
30 ~~sports wagering supplier. A sports wagering supplier must be licensed under this section if~~  
31 ~~providing sports wagering supplier services under a fixed fee or revenue sharing agreement.~~

32 (b) ~~On application by an interested person,~~ At the request of an applicant for a sports  
33 wagering supplier license, the Commission may issue a provisional sports wagering supplier  
34 license to an applicant for a sports wagering supplier license. A provisional license issued under  
35 this subsection allows the applicant for the sports wagering supplier license to conduct business  
36 regarding the operation of sports wagering with a license holder or applicant before the sports  
37 wagering supplier license is issued. the applicant so long as the applicant has submitted a  
38 completed application in accordance with this section. A provisional license issued under this  
39 subsection expires on the date provided by the Commission.

40 ...

41 (d) The applicant shall complete and submit an application on a form prescribed by the  
42 Commission and a licensing fee of ~~fifteen-thirty~~ thousand dollars ~~(\$15,000)-(\$30,000)~~. In the  
43 application, the Commission shall require applicants to disclose the identity of all of the  
44 following:

- 45 (1) The applicant's principal owners who directly own ~~five-ten~~ percent ~~(5%)~~  
46 (10%) or more of the applicant.
- 47 (2) Each holding, intermediary, or parent company that directly owns fifteen  
48 percent (15%) or more of the applicant.
- 49 (3) The applicant's board appointed CEO and ~~CFO~~ CFO, or the equivalent as  
50 determined by the Commission.
- 51 (4) Any other information the Commission may deem necessary.

1        (d1) The Commission shall conduct a background investigation on the applicant and key  
2 persons as deemed necessary by the Commission. The background investigation shall include a  
3 credit history check, a tax record check, and a criminal history record check. The Commission  
4 may, in its discretion, accept the results of such prior check and an affidavit that there has been  
5 no change in criminal history since the prior check from an applicant or key person who has  
6 submitted to a criminal history record check in this or any other state within the previous 12  
7 months. The Commission may not award a license if the applicant or a key person of the applicant  
8 has been convicted of a felony or any gambling offense in any state or federal court of the United  
9 States within 10 years of application or renewal. An applicant and key persons for licensure shall  
10 consent to a criminal history record check. Refusal to consent to a criminal history record check  
11 may constitute grounds for the Commission to deny licensure.

12        (d2) The Commission shall review and issue licenses to qualified applicants within 60 days  
13 of receipt of a completed application. The Commission may extend the review period for an  
14 additional 30 days if the background check is outstanding.

15        (e) In disclosing the principal owners of the applicant, the following shall apply:

16            (1) Governmental created entities, including statutory authorized pension  
17 investment boards and Canadian Crown corporations, that are direct or indirect  
18 shareholders of an applicant shall be waived in the applicant's disclosure of  
19 ownership and control as determined by the Commission.

20            (2) Investment funds or entities registered with the Securities and Exchange  
21 Commission, ~~whether as including~~ Investment Advisors ~~or otherwise~~, as well  
22 as ~~the and~~ entities under the management of ~~such entities registered with the~~  
23 Securities and Exchange Commission, that are direct or indirect shareholders  
24 of the applicant, shall be waived ~~from any information disclosure requests in~~  
25 connection to the license application in the applicant's disclosure of ownership  
26 and control as determined by the Commission.

27        (f) ~~Nothing in this Article shall require a person holding a~~ A sports wagering supplier  
28 license or a ~~temporary provisional~~ sports wagering supplier license ~~be subject to, or required to~~  
29 ~~obtain, any additional license shall be sufficient to offer the sports wagering services under this~~  
30 ~~section.~~ Article.

31        (g) A person holding a sports wagering supplier license or its equivalent, on the basis of  
32 comparable licensing requirements issued to that person by a proper authority by another state or  
33 territory of the United States or the District of Columbia if that jurisdiction's requirements for  
34 licensure, certification, or registration are substantially equivalent to or exceed the requirements  
35 of this State, and who, in the opinion of the Commission otherwise meets the requirements of  
36 this Article based upon verified evidence may, upon application, be licensed as a service provider  
37 with or without further examination, as determined by the Commission.

38        (h) No sports wagering supplier license is assignable or transferable without approval of  
39 the Commission.

40        **"§ 18C-908. Renewals of licenses.**

41        (a) Any license issued pursuant to this Article shall be valid for five years.

42        (b) At least 60 days prior to the expiration of a license, the license holder shall submit a  
43 renewal application, on a form prescribed by the Commission, including a renewal fee as follows:

44            (1) ~~of one hundred thousand~~ One million dollars ~~(\$100,000)-(\$1,000,000)~~ for an  
45 interactive sports wagering ~~license,~~ license.

46            (2) ~~ten~~ Fifty thousand dollars ~~(\$10,000)-(\$50,000)~~ for a service provider ~~license,~~  
47 license.

48            (3) ~~and five~~ Thirty thousand dollars ~~(\$5,000)-(\$30,000)~~ for a sports wagering  
49 supplier license.

50        (c) The Commission may revoke or deny a license renewal for any of the following  
51 reasons:



- 1 (1) The same grounds that would constitute denial of an initial application under  
2 G.S. 18C-906(g).  
3 (2) A violation of this Article.  
4 (3) ~~With respect to interactive sports wagering operators, the Commission finds  
5 good cause to believe approval of another applicant would better meet the  
6 objectives of this Article in generating revenue for the State, protecting the  
7 public interest, and otherwise satisfying the criteria for issuance, and no  
8 additional licenses are to be available under G.S. 18C-904(a).~~  
9 (4) Failure to pay the privilege tax imposed under Article 2E of Chapter 105 of  
10 the General Statutes.

11 (d) With respect to interactive sports wagering operators, the Commission may deny a  
12 license renewal if the Commission finds good cause to believe approval of another applicant  
13 would better meet the objectives of this Article in generating revenue for the State, protecting the  
14 public interest, and otherwise satisfying the criteria for issuance, and no additional licenses are  
15 to be available under G.S. 18C-904(a).

16 **"§ 18C-909. Use of proceeds.**

17 (a) The Commission shall use the funds remitted to it pursuant to G.S. 105-113.128 and  
18 any proceeds from license fees collected under this Article to cover expenses in administering  
19 this Article. Any proceeds remaining at the end of each fiscal year after payment of expenses of  
20 the Commission pursuant to this section shall be remitted to the General Fund.

21 (b) Expenses of the Commission shall include all items listed in G.S. 18C-163.

22 **"§ 18C-910. Duties of interactive sports wagering operators.licensees.**

23 ...

24 (c) The interactive sports wagering operator shall disclose the records described in  
25 G.S. 18C-910(b)-subsection (b) of this section to the Commission upon request.

26 (d) If a sports governing body has notified the Commission that real-time information  
27 sharing for sports wagers placed on its sporting events is necessary, interactive sports wagering  
28 operators shall share with that sports governing body or its designee in real time, at the account  
29 level, anonymized information regarding a ~~wagerer,~~ registered player, amount and type of sports  
30 wager, the time the sports wager was placed, the location of the ~~wager,~~ registered player at the  
31 time the sports wager was placed, and the IP address if applicable, outcome of the sports wager,  
32 and records of abnormal sports wagering activity. For purposes of this subsection, real time  
33 means on a commercially reasonable periodic interval, but in any event, not less than once every  
34 72 hours. A sports governing body receiving any information pursuant to this subsection shall  
35 use the information for the purpose of integrity monitoring only and not for any commercial  
36 purpose.

37 (e) In advertising its sports wagering platform, the interactive sports wagering operator  
38 shall ensure that its advertisements meet all of the following:

- 39 (1) It does not target persons under the age of 21.  
40 (2) It discloses the identity of the interactive sports wagering operator.  
41 (3) It provides information about or links to resources related to gambling  
42 addiction and prevention.  
43 (4) It is not misleading to a reasonable person.

44 (f) Interactive sports wagering operators.licensees shall conduct background checks on  
45 newly hired employees. ~~The~~ Each licensed interactive sports wagering operator and service  
46 provider shall also conduct a single background check on employees as of the date of licensure.  
47 Background checks shall search for criminal history and any charges or convictions involving  
48 corruption or manipulation of sporting events and association with organized crime.

49 (g) Interactive sports wagering operators and service providers shall employ  
50 commercially reasonable methods to maintain the security of wagering data, registered player  
51 and other customer data, and any other confidential information, including information provided

1 by a sports governing body, from unauthorized access and dissemination. Nothing in this  
2 subsection shall preclude the use of internet or cloud-based hosting of such data and information  
3 or disclosure as required by State or federal law or a court order.

4 (h) Each interactive sports wagering operator shall provide a daily summary of all sports  
5 wagering activity, detailing all transactions processed through each wagering system, provided  
6 in a format established by the Commission at the close of each business day.

7 "§ 18C-911. Reserved for future codification purposes.

8 "§ 18C-912. **Establishment of interactive accounts.**

9 ...

10 "§ 18C-913. Reserved for future codification purposes.

11 "§ 18C-914. **Integrity of competition and prohibited events.**

12 ...

13 (e) Within 60 days of the Commission notifying each interactive sports wagering  
14 operator of such a sports governing body notification to the Commission, or such longer period  
15 as may be agreed between the sports governing body and the applicable interactive sports  
16 wagering operator, interactive sports wagering operators shall use only official league data to  
17 determine the results of tier two sports wagers on sporting events of that sports governing body,  
18 unless any of the following apply:

19 (1) The sports governing body or its designee cannot provide a feed of official  
20 league data to determine the results of a particular type of tier two sports  
21 wager, in which case interactive sports wagering operators are not required to  
22 use official league data for determining the results of the applicable tier two  
23 sports wager until such time as such a data feed becomes available from the  
24 sports governing body on commercially reasonable terms and conditions.

25 (2) An interactive sports wagering operator can demonstrate to the Commission  
26 that the sports governing body or its designee will not provide a feed of official  
27 league data to the interactive sports wagering operator on commercially  
28 reasonable terms and conditions.

29 (3) ~~The sports governing body or its designee~~ of the sports governing body does  
30 not obtain a supplier license from the Commission to provide official league  
31 data to interactive sports wagering operators to determine the results of tier  
32 two sports wagers, if and to the extent required by law.

33 ...

34 "§ 18C-915. Reserved for future codification purposes.

35 "§ 18C-916. **Civil penalties; suspension and revocation of licenses.**

36 ...

37 "§ 18C-917. Reserved for future codification purposes.

38 "§ 18C-918. **Criminal penalties.**

39 ...

40 "§ 18C-919. Reserved for future codification purposes.

41 ~~"§ 18C-920. Tax.~~

42 (a) ~~There shall be imposed a tax of eight percent (8%) on the adjusted gross revenue of~~  
43 ~~each interactive sports wagering operator. The tax imposed pursuant to this section is due~~  
44 ~~monthly to the Commission and shall be remitted on or before the twentieth day of the next~~  
45 ~~succeeding calendar month. If the interactive sports wagering operator's accounting practices~~  
46 ~~necessitate corrections to a previously remitted tax, the interactive sports wagering operator shall~~  
47 ~~document such corrections when the interactive sports wagering operator pays the following~~  
48 ~~month's taxes.~~

49 (b) ~~If the interactive sports wagering operator's adjusted gross revenue for a month is a~~  
50 ~~negative number, the interactive sports wagering operator may carry over the negative amount~~

1 to a remission required under subsection (a) of this section within 12 months and deduct such  
2 amount from its tax liability for that month.

3 (e) ~~After reimbursement of expenses in implementing its responsibilities under this~~  
4 ~~Article and payments as provided in subsection (d) of this section, the Commission shall remit~~  
5 ~~all tax payments collected pursuant to this section and all license fees collected pursuant to this~~  
6 ~~Article to the Department of Revenue. The Commission shall document all expenses for which~~  
7 ~~deduction from the payments owed is asserted, which documentation shall be subject to audit by~~  
8 ~~the State.~~

9 (d) ~~The Commission shall remit fifty percent (50%) of the tax collected in subsection (a)~~  
10 ~~of this section to the North Carolina Major Events, Games, and Attractions Fund established~~  
11 ~~under G.S. 143B-437.112.~~

12 (e) ~~Interactive sports wagering operators shall not be subjected to an excise tax, license~~  
13 ~~tax, permit tax, privilege tax, amusement tax, or occupation tax that is imposed upon the~~  
14 ~~interactive sports wagering operator by the State or any political subdivision thereof, except as~~  
15 ~~provided in this Article.~~

16 (f) ~~The Commission shall provide all of the following to the Department of Revenue:~~

17 (1) ~~A monthly report that includes a complete statement of sports wagering~~  
18 ~~revenues and expenses for the previous month.~~

19 (2) ~~A complete statement of sports wagering revenues and expenses, along with~~  
20 ~~any recommendations for changes to this Article for the fiscal year, within 30~~  
21 ~~days of the end of that fiscal year. A copy shall also be provided to the State~~  
22 ~~Controller.~~

### 23 ~~"§ 18C-921. Expenses of Lottery.~~

24 ~~Expenses of the Commission shall include all items listed in G.S. 18C-163. The Commission~~  
25 ~~shall also transfer from the amounts collected under this Article one million dollars (\$1,000,000)~~  
26 ~~annually to the Department of Health and Human Services for gambling addiction education and~~  
27 ~~treatment programs in addition to the amount transferred under G.S. 18C-163(a)(3).~~

### 28 ~~"§ 18C-922. Voluntary exclusion program.~~

29 (a) ~~Any~~ The Commission shall establish a voluntary exclusion program for any  
30 ~~individual shall be able to voluntarily exclude themselves from placing sports wagers through a~~  
31 ~~voluntary exclusion program established by the Commission.~~ wagers. Interactive sports wagering  
32 operators shall use reasonable means to comply with the exclusion of individuals participating in  
33 the voluntary exclusion program by the Commission.

34 (b) The Commission shall adopt rules to establish the voluntary exclusion program,  
35 which shall comply with all of the following:

36 (1) Verification of the individual's request to be placed in the voluntary exclusion  
37 program, and for how long, up to and including that individual's lifetime.

38 (2) How information regarding which individuals are in the voluntary exclusion  
39 program is to be disseminated to the interactive sports wagering operators.

40 (3) How an individual in the voluntary exclusion program may petition the  
41 Commission for removal from the voluntary exclusion program.

42 (4) The means by which the interactive sports wagering operators and their agents  
43 shall make all reasonable efforts to cease direct marketing efforts to  
44 individuals participating in the voluntary exclusion program.

45 (5) The means by which the Commission shall make available to all interactive  
46 sports wagering operators and their agents the names of the individuals  
47 participating the voluntary exclusion program, which shall be at least  
48 quarterly.

49 (c) Participation in the voluntary exclusion program shall not preclude an interactive  
50 sports wagering operator and its agents from seeking the payment of a debt accrued by the  
51 individual prior to participating in the voluntary exclusion program.

1       (d)    The voluntary exclusion program shall be exempt from Chapter 132 of the General  
2 Statutes and shall be treated as confidential by each interactive sports wagering operator.

3   "§ 18C-923. Reserved for future codification purposes.

4   "§ 18C-924. **Risk management.**

5    ...

6   "§ 18C-925. Reserved for future codification purposes.

7   "§ 18C-926. **Places of public accommodation.**

8       (a)    ~~The owner or operator of a sports facility may establish places~~ Permanent places of  
9 public accommodation for the purpose of accessing a sports wagering platform through mobile  
10 devices, computer terminals, or similar access devices, the registered player's interactive account,  
11 either directly or with assistance from a person. Each owner or operator of a sports facility shall  
12 be limited to one place of public accommodation described under subdivision (2) of subsection  
13 (b) of this section person, may be associated with each sports facility.

14       (b)    ~~Places~~ Permanent places of public accommodation ~~allowed~~ permitted under this  
15 section shall be located as follows:

16           (1)    On the property containing of the sports facility.

17           (2)    ~~On~~ No more than one place of public accommodation may be on other  
18 property owned or controlled by the owner or operator of the sports facility or  
19 an affiliated entity of the owner or operator of the sports facility that is located  
20 within a one-half mile radius of the sports facility a sports facility defined in  
21 G.S. 18C-901(15)a. or G.S. 18C-901(15)c.

22           (3)    No more than one place of public accommodation may be on other property  
23 owned or controlled by the owner or operator of the sports facility that is  
24 located within a one and one-half mile radius of a sports facility defined in  
25 G.S. 18C-901(15)b.

26       (c)    Nothing in this section shall be construed to exempt a place of public accommodation  
27 from the provisions of any other law that may be enforceable. ~~A place of public accommodation~~  
28 ~~may be either a permanent establishment or a temporary establishment associated with a specific~~  
29 ~~sporting event of a series of sporting events.~~

30       (d)    All sports wagers made at a place of public accommodation shall be placed via an  
31 interactive account as described in G.S. 18C-912. Mobile devices, computer terminals, similar  
32 devices, and cashiers used to operate the place of public accommodation shall have the ability to  
33 accept ~~and distribute~~ cash and cash ~~equivalents~~ equivalents and distribute cash or cash  
34 equivalents; however, only a cashier may distribute something of monetary value to the registered  
35 player at a place of public accommodation. All cashiers that accept or distribute cash or cash  
36 equivalents shall be an employee of an interactive sports wagering operator.

37       (e)    A public accommodation under this section may be advertised by the owner or  
38 operator of the sports facility.

39       (f)    ~~Notwithstanding subsections (a) through (c) of this section, no more than one place~~  
40 of public accommodation may be temporarily established during a professional golf tournament  
41 as described in G.S. 18C-901(15)b. The temporary place of public accommodation need not  
42 comply with local ordinances under Chapter 160D of the General Statutes but shall not operate  
43 more than five days prior to the professional golf tournament or five days after the professional  
44 golf tournament.

45   "§ 18C-927. Reserved for future codification purposes.

46   "§ 18C-928. **Indian gaming; compliance with federal law.**

47       (a)    ~~All sports wagering authorized under this Article shall be initiated, received, and~~  
48 ~~otherwise made within this State unless otherwise determined by the Commission in accordance~~  
49 ~~with applicable federal and State laws. Consistent with the intent of the United States Congress~~  
50 ~~as articulated in the Unlawful Internet Gambling Enforcement Act of 2006 (31 U.S.C. § 5361 et~~  
51 ~~seq.), the intermediate routing of electronic data relating to intrastate sports wagering authorized~~

1 under this Article shall not determine the location or locations in which such sports wagers are  
 2 ~~initiated, received, or otherwise made.~~ initiated and received.

3 (b) All activities authorized by this Article shall be deemed to be conducted solely under  
 4 the authority of this Article and not under the federal Indian Gaming Regulatory Act, 25 U.S.C.  
 5 § 2701 et seq.

6 (c) ~~A~~ Without application under G.S. 18C-904, a tribal gaming enterprise shall be  
 7 deemed a licensed interactive sports wagering operator upon the occurrence of all of the  
 8 following:

9 (1) Submission of a completed application to the Commission.

10 (2) Payment to the Commission of any application and renewal fees as provided  
 11 in this Article.

12 (3) Agreement by the tribal gaming enterprise, in a form as prescribed by the  
 13 Commission:

14 a. To adhere to the requirements of this Article and to the regulations  
 15 adopted by the Commission with respect to ~~interactive~~ sports  
 16 wagering.

17 b. To submit to the Commission's enforcement of this Article and any  
 18 implementing of the rules, including waiver of any applicable tribal  
 19 sovereign immunity for the sole and limited purpose of such  
 20 enforcement.

21 c. To collect and pay all taxes imposed by ~~this Article.~~ Article 2E of  
 22 Chapter 105 of the General Statutes.

23 d. To not offer or conduct any interactive gambling other than the  
 24 interactive sports wagering authorized by this Article unless  
 25 specifically otherwise authorized by law.

26 e. To locate any server or other information technology equipment  
 27 directly related to the placing of sports wagers that is used by the tribal  
 28 gaming enterprise and its agents to accept interactive sports wagering  
 29 authorized by this Article on land that is not Indian lands and which,  
 30 upon request, shall be accessible by the Commission, Department of  
 31 Revenue, and State law enforcement. The location of all other  
 32 technology and servers used by a tribal gaming enterprise in  
 33 connection with sports wagering authorized by this act shall be  
 34 approved by the Commission.

35 ...."

36 **SECTION 2.(a)** If Senate Bill 688, 2021 Regular Session, becomes law, the lead-in  
 37 language to Section 2 of that act reads as rewritten:

38 "**SECTION 2.** ~~Article 10B~~ Article 10 of Chapter 143B of the General Statutes is amended  
 39 by adding a Part to read:"

40 **SECTION 2.(b)** If Senate Bill 688, 2021 Regular Session, becomes law,  
 41 G.S. 143B-437.112(b), as enacted by that act, reads as rewritten:

42 "(b) Effective July 1 of each calendar year, the funds remitted to the Fund by the Secretary  
 43 of Revenue from the privilege tax on sports wagering pursuant to G.S. 105-113.128 are  
 44 appropriated for this purpose. In addition to the amounts remitted to the Fund pursuant to  
 45 G.S. 18C-920(d), G.S. 105-113.128, the General Assembly shall determine any additional  
 46 amount appropriated to the Fund. Agreements entered under this section are subject to  
 47 appropriations."

48 **SECTION 2.(c)** If Senate Bill 688, 2021 Regular Session, becomes law,  
 49 G.S. 143B-437.111(4), as enacted by that act, reads as rewritten:

50 "(4) Major event. – An entertainment, musical, political, sporting, or theatrical  
 51 event that satisfies the following conditions:

- 1           a.     The event is ~~held~~ either of the following:
- 2                 1.     Held at a sports facility ~~or is an facility.~~
- 3                 2.     An event sponsored by the National Association for Stock Car
- 4                     Auto Racing, the Ladies Professional Golf Association, the
- 5                     Professional Golfers' Association of America, the PGA Tour,
- 6                     or the United States Golf Association.
- 7           b.     The event is not held more often than annually.
- 8           c.     The location of the event is determined by a site selection organization
- 9                     through a competitive process.
- 10          d.     The site selection organization considered multiple sites located
- 11                     outside of the State for the event.
- 12          e.     The site selection organization selected a site within this State as the
- 13                     sole location for the event."

14           **SECTION 3.(a)** If Senate Bill 688, 2021 Regular Session, becomes law,

15 G.S. 18C-114(a)(8), as amended by that act, reads as rewritten:

16           "(8) To charge a fee of potential contractors, of lottery contractors, of lottery

17                     retailers, and of ~~interactive sports wagering operators~~ licensees and potential

18                     licensees under ~~Article 9~~ of this Chapter to not exceed the cost of the criminal

19                     record check of the potential contractors and lottery contractors."

20           **SECTION 3.(b)** If Senate Bill 688, 2021 Regular Session, becomes law,

21 G.S. 18C-120(b)(2), as amended by that act, reads as rewritten:

22           "(2) To conduct a background investigation, including a criminal history record

23                     check, of applicants for employment with the Commission, ~~interactive sports~~

24                     ~~wagering operators~~ licensees under ~~Article 9~~ of this Chapter, lottery

25                     contractors, lottery retailers, and lottery potential contractors, which may

26                     include a search of the State and National Repositories of Criminal Histories

27                     based on the fingerprints of applicants."

28           **SECTION 3.(c)** If Senate Bill 688, 2021 Regular Session, becomes law,

29 G.S. 143B-947, as amended by that act, reads as rewritten:

30 **"§ 143B-947. Criminal record checks for the North Carolina State Lottery Commission**

31 **and its Director.**

32           The Department of Public Safety may provide to the North Carolina State Lottery

33 Commission and to its Director from the State and National Repositories of Criminal Histories

34 the criminal history of any prospective employee of the Commission, any potential contractor,

35 and any licensee or prospective ~~interactive sports wagering operator or service provider~~ licensee

36 under ~~Article 9~~ of Chapter 18C of the General Statutes. The North Carolina State Lottery

37 Commission or its Director shall provide to the Department of Public Safety, along with the

38 request, the fingerprints of the ~~prospective employee of the Commission, or of the potential~~

39 ~~contractor, individual~~, a form signed by the ~~prospective employee of the Commission, or of the~~

40 ~~potential contractor~~ individual consenting to the criminal record check and use of fingerprints

41 and other identifying information required by the State and National Repositories, and any

42 additional information required by the Department of Public Safety. The fingerprints of the

43 ~~prospective employee of the Commission, or potential contractor, or potential interactive sports~~

44 ~~wagering operator~~, individual shall be forwarded to the State Bureau of Investigation for a search

45 of the State's criminal history record file, and the State Bureau of Investigation shall forward a

46 set of fingerprints to the Federal Bureau of Investigation for a national criminal history record

47 check. The North Carolina State Lottery Commission and its Director shall remit any fingerprint

48 information retained by the Commission to alcohol law enforcement agents appointed under

49 Article 5 of Chapter 18B of the General Statutes and shall keep all information obtained pursuant

50 to this section confidential. The Department of Public Safety shall charge a reasonable fee only

51 for conducting the checks of the criminal history records authorized by this section."

1 SECTION 4. If Senate Bill 688, 2021 Regular Session, becomes law, Sections 5 and  
2 6 of that act read as rewritten:

3 "SECTION 5. The Commission shall establish guidance to parties regulated by the  
4 provisions of Article 9 of Chapter 18C of the General Statutes, as enacted by this act. Such  
5 guidance shall address the application of Article 9 of Chapter 18C of the General Statutes, as  
6 enacted by this act, to electronic sports with due consideration to the key role of game publishers  
7 as creators of the underlying video game. The Commission may accept and issue applications for  
8 licensure in accordance with Article 9 of Chapter 18C of the General Statutes, as enacted by this  
9 act, in order that licensees may begin operations on ~~January 1, 2022~~. January 1, 2023. If more  
10 than 12 completed applications are received, the Commission in its discretion shall select and  
11 ~~notify, no later than December 1, 2021, notify~~ the qualified applicants it determines will best  
12 serve the public interest in maximizing revenue to the State, while preserving the integrity of  
13 sports wagering and ensuring accountability and preserving the public trust in licensed sports  
14 wagering activities. No license issued by the Commission shall become effective prior to ~~January~~  
15 ~~1, 2022~~, but prior to ~~January 1, 2022~~, ~~notified licensees may establish structure and operations to~~  
16 ~~begin sports wagering on January 1, 2022~~. January 1, 2023.

17 "SECTION 6. Sections 1 through 4 of this act become effective ~~January 1, 2022~~. January 1,  
18 2023. Except as otherwise provided, this act is effective when it becomes law."

19 SECTION 5.(a) If Senate Bill 688, 2021 Regular Session, becomes law, Chapter  
20 105 of the General Statutes is amended by adding a new Article to read:

21 "Article 2E.

22 "Privilege Tax on Interactive Sports Wagering Operators.

23 "§ 105-113.125. Definitions.

24 The definitions of G.S. 18C-901 apply to this Article.

25 "§ 105-113.126. Privilege tax on interactive sports wagering operators.

26 (a) Tax. – A privilege tax at the rate of fourteen percent (14%) is imposed on an  
27 interactive sports wagering operator for the privilege of doing business in this State. The tax is  
28 imposed on the value of the privilege conferred upon the interactive sports wagering operator by  
29 the State by the granting of a license under Article 9 of Chapter 18C of the General Statutes.

30 (b) Determination of Value. – The value of the privilege conferred upon the interactive  
31 sports wagering operator is the gross wagering revenue of the operator as adjusted under this  
32 subsection. No income, revenue, or expenses of the interactive sports wagering operator other  
33 than those specified in this subsection are used to determine the value of the privilege conferred  
34 upon the operator. The value of the privilege conferred upon the interactive sports wagering  
35 operator is the gross wagering revenue less the following expenses:

36 (1) All cash or cash equivalents paid out as winnings to registered players.

37 (2) The costs paid by an interactive sports wagering operator for any personal  
38 property distributed to a registered player as a result of a sports wager.

39 (3) The cash value of any bonuses or promotional credits provided to registered  
40 players that are then returned to an interactive sports wagering operator in the  
41 form of a deposit or wager as follows:

42 a. Until January 1, 2025, without limitation.

43 b. On or after January 1, 2025, through December 31, 2025, not to exceed  
44 two and one-half percent (2.5%) of gross wagering revenue.

45 c. On or after January 1, 2026, through December 31, 2026, not to exceed  
46 two and one-quarter percent (2.25%) of gross wagering revenue.

47 d. On or after January 1, 2027, through December 31, 2027, not to exceed  
48 two percent (2%) of gross wagering revenue.

49 e. On or after January 1, 2028, not allowed.

50 (4) Actual uncollectible receivables from registered players, not to exceed four  
51 percent (4%) of gross wagering revenue.

1           (5)   Excise tax payments on sports wagers included in gross wagering revenue  
2                 remitted to the federal government.

3           (c)   Return. – Taxes levied by this Article are due when a return is required to be filed.  
4   The return is due on a monthly basis. A monthly return is due by the twentieth day of the month  
5   following the calendar month covered by the return. A return is filed on a form prescribed by the  
6   Secretary.

7           (d)   Records. – A person who is required to file a return under this Article must keep a  
8   record of all documents used to determine information the person provides in a return. These  
9   records shall be open at all times for inspection by the Secretary or an authorized representative  
10   of the Secretary and shall be kept for the applicable period of statute of limitations as set forth  
11   under G.S. 105-241.6 or G.S. 105-241.8.

12          (e)   Refund. – An interactive sports wagering operator is allowed a refund of the tax paid  
13   under this section on a sports wager that has been refunded to the registered player. The Secretary  
14   shall prescribe the manner in which a taxpayer may request a refund under this subsection, which  
15   may include allowing a credit for the amount refunded on a subsequent monthly return required  
16   under this section.

17   **"§ 105-113.127. Bond or irrevocable letter of credit.**

18   The Secretary may require an interactive sports wagering operator to furnish a bond in an  
19   amount that adequately protects the State from an interactive sports wagering operator's failure  
20   to pay taxes due under this Article. A bond must be conditioned on compliance with this Article,  
21   payable to the State, and in the form required by the Secretary. The amount of the bond is two  
22   times the interactive sports wagering operator's expected monthly tax liability under this Article,  
23   as determined by the Secretary, provided the amount of the bond may not be less than fifty  
24   thousand dollars (\$50,000) and may not be more than two million dollars (\$2,000,000). The  
25   Secretary should periodically review the sufficiency of bonds required of interactive sports  
26   wagering operators and increase the amount of a required bond when the amount of the bond  
27   furnished no longer covers the anticipated tax liability of the interactive sports wagering operator  
28   and decrease the amount when the Secretary determines that a smaller bond amount will  
29   adequately protect the State from loss.

30   For purposes of this section, an interactive sports wagering operator may substitute an  
31   irrevocable letter of credit for the secured bond required by this section. The letter of credit must  
32   be issued by a commercial bank acceptable to the Secretary and available to the State as a  
33   beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon  
34   compliance with this Article, and in the amounts stipulated in this section.

35   **"§ 105-113.128. Use of tax proceeds.**

36   The Secretary shall distribute the taxes collected under this Article, less the allowance to the  
37   Department of Revenue and reimbursement to the Lottery Commission for administrative  
38   expenses, in accordance with this section. The Secretary may retain the cost of collection by the  
39   Department, not to exceed five hundred thousand dollars (\$500,000) a year, as reimbursement to  
40   the Department. The Lottery Commission shall, no later than 20 days after the end of the month,  
41   notify the Department of its expenses from administering the provisions of Article 9 of Chapter  
42   18C of the General Statutes from the previous month. The Department shall reimburse the  
43   Lottery Commission from the tax revenues collected under this Article no later than the end of  
44   the month in which the Department was notified. The remainder of the net proceeds of the tax  
45   collected under this Article are to be credited in the following priority:

46          (1)   The first two million dollars (\$2,000,000) annually to the Department of  
47                 Health and Human Services for gambling addiction education and treatment  
48                 programs in addition to the amount transferred under G.S. 18C-163(a)(3).

49          (2)   Fifty percent (50%) to the North Carolina Major Events, Games, and  
50                 Attractions Fund established under G.S. 143B-437.112 and fifty percent  
51                 (50%) to the General Fund."



1           **SECTION 5.(b)** This section becomes effective January 1, 2023, and applies to gross  
2 wagering revenue received on or after that date.

3           **SECTION 6.(a)** If Senate Bill 688, 2021 Regular Session, becomes law,  
4 G.S. 18C-114 reads as rewritten:

5 "**§ 18C-114. Powers and duties of the Commission.**

6           (a) The Commission shall have the following powers and duties:

7           ...

8           (14) To adopt and implement any rules necessary to carry out the provisions of this  
9           Chapter, resolving any conflicts in this Chapter to the best interest of the State.

10           ...

11           (c) The Commission and the Department of Revenue may agree to exchange any data  
12 necessary to enforce and administer Article 9 of this Chapter and Article 2E of Chapter 105 of  
13 the General Statutes, including information deemed necessary to perform an audit of a licensee  
14 or taxpayer under those Articles."

15           **SECTION 6.(b)** If Senate Bill 688, 2021 Regular Session, becomes law,  
16 G.S. 105-259(b)(33) reads as rewritten:

17           "(33) To provide to the North Carolina State Lottery Commission the information  
18           required under ~~G.S. 18C-141~~.G.S. 18C-141 or agreed upon under  
19           G.S. 18C-114(c)."

20           **SECTION 6.(c)** If Senate Bill 688, 2021 Regular Session, becomes law, Article 37  
21 of Chapter 14 of the General Statutes is amended by adding a new section to read:

22 "**§ 14-309.3. Sports wagering exempt.**

23           This Article shall not apply to sports wagering lawfully conducted in compliance with Article  
24 9 of Chapter 18C of the General Statutes."

25           **SECTION 6.(d)** If Senate Bill 688, 2021 Regular Session, becomes law,  
26 G.S. 14-309.20 reads as rewritten:

27 "**§ 14-309.20. Greyhound racing prohibited.**

28           (a) No person shall hold, conduct, or operate any greyhound races for public exhibition  
29 in this State for monetary remuneration.

30           (b) No person shall transmit or receive interstate or intrastate simulcasting of greyhound  
31 races for commercial purposes in this ~~State~~.State, except as authorized under Article 9 of Chapter  
32 18C of the General Statutes.

33           (c) Any person who violates this section shall be guilty of a Class 1 misdemeanor."

34           **SECTION 7.** If Senate Bill 688, 2021 Regular Session, becomes law, the North  
35 Carolina State Lottery Commission shall use sufficient funds from the North Carolina State  
36 Lottery Fund to cover initial operating expenses of the Commission to implement Article 9 of  
37 Chapter 18C of the General Statutes, as enacted by Senate Bill 688, 2021 Regular Session, and  
38 this act, provided the total amount borrowed by the Commission shall not exceed fourteen million  
39 dollars (\$14,000,000) without further action by the General Assembly. The Commission shall  
40 repay any funds used out of the North Carolina State Lottery Fund pursuant to this section within  
41 36 months after the effective date of this act.

42           **SECTION 8.** The North Carolina State Lottery Commission shall study the  
43 restrictions on number of licensees as established by G.S. 18C-904, as enacted by this act, and  
44 shall report its findings, with any legislative recommendations, to the Joint Legislative Oversight  
45 Committee on the North Carolina State Lottery no later than October 1, 2024.

46           **SECTION 9.** Except as otherwise provided, this act is effective when it becomes  
47 law.