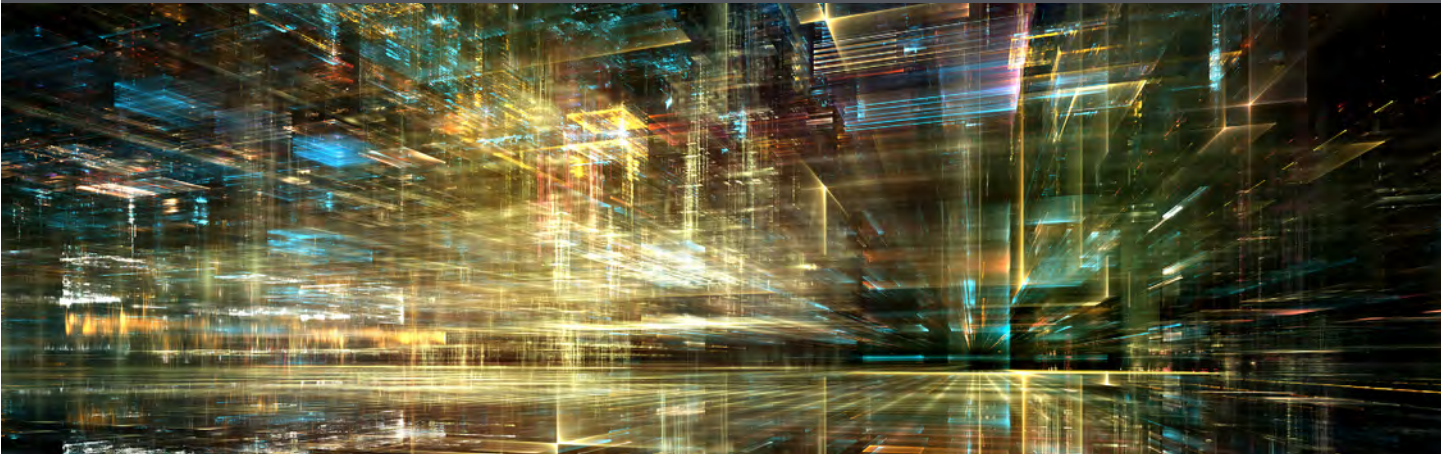


Gaming



AUGUST 27, 2021

Summary of Sports Betting in Washington, Arizona, and Wyoming

Over the last few weeks, Washington, Arizona, and Wyoming released regulations and opened applications for sports betting operators to apply for licenses. Sports betting is now legal in 32 states and the District of Columbia. These three states join Maryland and South Dakota who are also pushing to go live with betting by September 9, 2021, the start of the NFL season.

Below is an overview of the legislation, and the regulatory schemes for Washington, Arizona, and Wyoming, including what type of companies fall into specific categories in each state.

WASHINGTON

- ▶ On July 28, 2021, the Washington State Gambling Commission (“WSGC”) unanimously voted to approve sports wagering licensing rules that will become effective on August 30, 2021.
- ▶ The rules allow mobile betting, but the gaming compacts exclusively allow mobile betting only on Tribal land. However, operators will need to partner with one of the state’s federally recognized Tribes.
- ▶ There are currently 16 Tribes that approved sports wagering compact amendments before the U.S. Department of Interior (“DOI”) for review and approval.
- ▶ On July 12, 2021, Governor Jay Inslee approved the gaming compacts with the Tribes to include on-premises sports betting.
- ▶ Once sport wagering compact amendments are approved by the DOI, sports wagering at Tribal casinos can commence.
- ▶ There will be three levels of sports wagering licenses:
 - Major sports wagering vendor
 - Licensed required if applicant is:
 - Managing a Tribe’s or Tribes’ sports wagering operations;
 - Being a Tribe’s or Tribes’ primary consultant who provides substantial sports wagering related services;
 - Being a manufacturer or distributor of a sports wagering system(s);
 - Providing bookmaking services; or
 - Providing sports wagering risk management services.
 - Fees
 - Initial fee of \$65,000.00

- Mid-level sports wagering vendor
 - License required if applicant is:
 - Integrity monitoring;
 - Data to be used by a Tribe(s) or sports wagering vendor, including data to set odds;
 - The compilation, furnishing, or storage of data for use in sports wagering;
 - Initial or annual wagering system security testing or assessment;
 - Geofence and geolocation compliance and monitoring; or
 - Sports wagering account management, including Software-as-a Service (“SaaS”) products.
 - Fees
 - Initial fee of \$10,000.00
 - Ancillary sports wagering vendor
 - License required if applicant is:
 - Mobile payment processing for use in mobile sports wagering;
 - Know your customer or identity verification for use in mobile sports wagering; or
 - Marketing or promotional affiliates for a sports wagering vendor or Tribal sports wagering operator where the contractual financial arrangement is based on a percentage of an operator’s sports wagering revenue.
 - Fees
 - Initial fee of \$5,000.00
- ▶ The anticipated tax would be 10 percent of the gaming revenue under SB 5212.
 - ▶ Operators were permitted to file applications for pre-licensing investigations by the end of July 2021. However, the WSGC will not begin issuing licenses until August 30, 2021.
 - ▶ Licenses will be issued to vendors who complete the licensing process on or after August 30, 2021.
 - ▶ Vendors will need to have licenses approved by Tribal Gaming Agencies as well as the Gambling Commission before providing services to Tribal sportsbook. However, pre-licensing requirements allow companies to apply before any agreement is reached, whether you are a vendor or a company providing sports wagering services or equipment to a vendor. WSGC aims to finalize or at the least approve vendors and sports betting before the start of the NFL season.
 - ▶ Affiliates who engage in only non-revenue sharing are not required to be licensed in Washington state. If affiliates engage revenue sharing, they will be required to obtain an ancillary supplier license.
 - ▶ Laws available at: [Chapter 9.46 RCW: GAMBLING–1973 ACT](#)
 - ▶ Applications must be submitted online, and you must have a SecureAccess Washington SAW account with WSGC’s My Account services to submit your application. Available at: [SecureAccess Washington](#).

ARIZONA

- ▶ On July 26, 2021, the Arizona Department of Gaming (“ADG”) announced the final rules for event wagering and fantasy sports.
- ▶ This decision follows Governor Doug Ducey’s April 15, 2021, approval of a new Tribal gaming compact and associated legislation, legalizing sports betting in the state pending the creation and approval of rules.
- ▶ Event Wagering Operations—Sports Betting (available at: [Event Wagering & Fantasy Sports Contests](#))
 - Event wagering operations are scheduled to go live on September 9, 2021, just in time for the NFL opener. Initial applications must have been submitted by August 9, 2021.
 - The legislation allows for a maximum of 20 event wagering licenses in the state, with 10 reserved for Arizona Tribes, and ten (10) reserved for professional sports organizations.
 - There are also 10 limited event wagering licenses available. These are reserved for racetrack enclosures or additional wagering facilities.

- A licensee can operate two skins but only one platform.
- There is a 10 percent tax rate for online wagers and eight percent for retail wagers.
- There are six license categories:
 - Event Wagering Operator
 - An owner or operator of an Arizona professional sports team or franchise;
 - An operator of a sports facility in Arizona that hosts an annual tournament on the PGA tour, or a promoter of a professional sports event based in Arizona; or,
 - The promoter’s designee, who is licensed to offer event wagering under the Commission.
 - Fees
 - \$100,000 application fee
 - \$750,000 initial license
 - \$150,000 annual license fee
 - Designee
 - A person acting on behalf of an Event Wagering Operator who is responsible for the management and control of event wagering operations.
 - Fees
 - \$100,000 application fee
 - \$750,000 initial license
 - \$150,000 annual license fee
 - Limited Event Wagering Operator
 - A racetrack enclosure or additional wagering facility that holds a permit issued by the Division of Racing.
 - Fees
 - \$5,000 application fee
 - \$25,000 initial license
 - \$5,000 annual license fee
 - Management Services Provider
 - Person that operates, manages, or controls event wagering authorized by the Commission on behalf of an event wagering operator or limited event wagering operator, including developing or operating event wagering platforms and providing odds, lines and global risk management, and may provide services to more than one licensed event wagering operator or licensed limited event wagering operator.
 - Fees
 - \$1,000 application fee
 - \$10,000 initial license
 - \$5,000 annual license fee
 - Supplier
 - A person that manufactures, distributes, or supplies event wagering equipment or software, including event wagering systems
 - Persons who provide goods or services, including identity verification services, integrity monitoring providers, league data providers, dissemination service providers, payment processors, data centers providing physical security & infrastructure, marketing services, affiliates, geofence providers, independent test laboratories, independent integrity & security assessment professional, or any other person as determined by the Department.
 - Fees
 - \$1,500 initial and \$500 renewal

- Ancillary Supplier
 - Any goods or services, except for legal services provided to the Tribe in connection with the operation of Class III Gaming in a Gaming Facility, including but not limited to equipment, transportation, food, linens, janitorial supplies, or maintenance.
 - Fees
 - \$1,500 initial and \$500 renewal
- ▶ Fantasy Sports Operations (available at: [Event Wagering & Fantasy Sports Contests](#))
 - Fantasy sports operations are scheduled to go live on August 28, 2021. Initial applications must have been submitted by August 4, 2021.
 - HB 2772 signed by Governor Ducey on April 15, 2021, and the amended Tribal gaming compact allowed the ADG to adopt the final rules to enable fantasy sports contests.
 - Under these new rules, the following must be licensed with the state:
 - Fantasy Contest Operator
 - Party who is responsible for the operation of the fantasy sports contests
 - Fees
 - \$2,000 initial and \$1,000 renewal
 - Management Company
 - Party who is responsible for the operation of the fantasy sports contests
 - Fees
 - \$2,000 initial and \$1,000 renewal
 - Holding Company
 - Must identify a holding company which holds an ownership interest or voting rights of ten percent or more of an operator
 - The Department, in its sole discretion, may require a holding company to obtain licensure in order to preserve the integrity of fantasy sports contests
 - Fees
 - \$500 initial and \$250 renewal
 - Fantasy Sports Supplier or Vendor
 - Persons who provide goods or services, including fantasy sports contest platform providers, identity verification service providers, payment processors, geofence providers, any other person as determined by the Department
 - Fees
 - \$250 initial and \$125 renewal
- ▶ Application forms are accessible via secure e-mail portal at: [Event Wagering & Fantasy Sports Contests](#).

(Continued on following page)

WYOMING

- ▶ On July 16, 2021, the Wyoming Gaming Commission (“WGC”) posted applications for online sports wagering operators and online sports wagering vendors.
- ▶ The applications follow the Wyoming legislature and Governor Mark Gordon’s decision to enact HB 133 on April 5, 2021. HB 133 legalizes mobile sports wagering in the state. Notably, the bill does not permit retail sportsbooks.
- ▶ The WGC is required to promulgate its sport wagering rules no later than September 1, 2021.
- ▶ The WGC is accepting applications and intends to issue licenses immediately following the promulgation of its online sports wagering rules on September 1, 2021.
- ▶ The legislation provides for two types of licenses:
 - Online Sports Wagering Operator Permit
 - This license is required for any qualified gaming entity authorized by the commission to accept online sports wagers
 - Fees
 - The initial fee is \$100,000.00 and is valid for five years.
 - The renewal permit is \$50,000.00 and is valid for five years.
 - Online Sports Wagering Vendor Permit
 - This license is required for any vendor that provides services to a sports wagering operator that the sports wagering operator uses to accept online sports wagers, including geolocation services, know your customer services, payment processors, and data providers.
 - Fees
 - The initial fee is \$10,000.00 and is valid for 5 years.
 - The renewal fee is \$5,000.00 and is valid for 5 years.
- ▶ Wyoming set a 10 percent tax on online sports wagering revenue.
- ▶ Rules available online at: [Bill Detail](#).
- ▶ Licensing application forms available at: [Wyoming Gaming Commission – Licensing/Permitting](#).

For additional information or assistance, please contact a member of Blank Rome’s [Gaming](#) group.

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