

Article 10.

Pari-Mutuel Wagering.

§ 18C-1000. (Reserved)

§ 18C-1001. Definitions.

As used in this Article, the following definitions apply:

- (1) Advance deposit account wager or advance deposit account wagering. – A pari-mutuel wager on horse races in accordance with 15 U.S.C. Chapter 57 and the rules adopted by the Commission.
- (2) ADW licensee. – Any person or entity licensed by the Commission in accordance with this Article.
- (3) Pari-mutuel wager or pari-mutuel wagering. – A form of wagering on the outcome of horse races, whether live or simulcast, in which wagers are made on one or more horses and all wagers are pooled and held by the host of the race or the ADW licensee for distribution.
- (4) Simulcast. – The telecast of live audio and visual signals of horse races at a simulcast facility for the purpose of pari-mutuel wagering.
- (5) Simulcast facility. – Any facility approved by the Commission to simulcast horse racing and conduct pari-mutuel wagering through an ADW licensee. (2023-42, s. 3.)

§ 18C-1002. (Reserved)

§ 18C-1003. (Reserved)

§ 18C-1004. (Reserved)

§ 18C-1005. Licensure of ADW licensees.

(a) It shall be unlawful for any person to offer or accept advance deposit account wagers in this State unless such person is an ADW licensee.

(b) Any person desiring to accept, or offer to accept, advance deposit account wagers as an ADW licensee in this State shall submit an application on a form prescribed by the Commission along with an application fee of one million dollars (\$1,000,000).

(c) The application shall contain the following information:

- (1) The name and address of the applicant.
- (2) If the applicant is a business entity, the state of the entity's incorporation or organization, the full name and address of each officer or director, and, if a foreign business entity, whether it is qualified to do business in this State.
- (3) The name and address of each shareholder, member, or partner of the business entity constituting a majority of the ownership and each person who has contracted for a pecuniary interest in the applicant that individually or collectively constitute majority ownership.
- (4) A description of the means through which pari-mutuel wagers will be offered, accepted, and processed.

- (5) Whether the annual fee required under G.S. 18C-1010 will be paid on a fiscal year basis or a calendar year basis; and if on a fiscal year basis, the dates of the fiscal year.
- (6) Information relating to the financial responsibility of the applicant as the Commission deems necessary.
- (7) Any other information the Commission may deem necessary.

(d) The Commission shall conduct a background investigation on the applicant and any person required to be disclosed on the application; such individuals shall consent to a background check. The background investigation shall include a credit history check, a tax record check, and a criminal history record check. In the event an applicant and its key persons have had a completed criminal history record check in the 12 months prior to the application, the Commission may, in its discretion, accept the results of that prior criminal history record check upon submission of an affidavit that there has been no change in criminal history since the prior criminal history record check in this or any other state. The Commission may not award a license if the applicant or a person required to be disclosed on the application has been convicted of a felony or any gambling offense in any state or federal court of the United States within 10 years of the application.

(e) The Commission shall grant or deny all applications under this section. Licenses issued pursuant to this section are valid for five years. To renew an existing license, an ADW licensee shall submit an application in accordance with this section no later than 60 days prior to the expiration of the current license, along with the application fee, to the Commission.

(f) The Commission shall review each ADW licensee annually to ensure that each licensee is acting in accordance with this Article and any rules adopted by the Commission pursuant to this Article. If the Commission determines that an ADW licensee is in violation of this Article or any rules adopted pursuant to this Article, the Commission may suspend or revoke the license of the ADW licensee.

(g) A person holding an ADW licensee license or its equivalent, on the basis of comparable licensing requirements issued to that person by a proper authority by another state or territory of the United States or the District of Columbia if that jurisdiction's requirements for licensure, certification, or registration are substantially equivalent to or exceed the requirements of this State, and who, in the opinion of the Commission, otherwise meets the requirements of this Article based upon verified evidence may, upon application, be licensed as an ADW licensee with or without further examination, as determined by the Commission. (2023-42, s. 3.)

§ 18C-1006. (Reserved)

§ 18C-1007. (Reserved)

§ 18C-1008. (Reserved)

§ 18C-1009. (Reserved)

§ 18C-1010. Annual fee for ADW licensees.

(a) Each ADW licensee shall pay an annual fee to the Commission in order to maintain their license. The fee is one percent (1%) of the total pari-mutuel wagers placed by residents of this State accepted by the ADW licensee in the applicable year.

(b) The fee shall be paid within four calendar weeks of the close of the ADW licensee's fiscal or calendar year. The ADW licensee shall designate whether the annual fee required under this section is payable on a fiscal year basis or a calendar year basis at the time the ADW licensee applies for a license under G.S. 18C-1005. Once made, the designation is irrevocable during the term of the license.

(c) The proceeds of any application fees and annual fees collected under this Article shall be used to offset the cost of administering the provisions of this Article and Article 9 of this Chapter. Any proceeds remaining at the end of each fiscal year after payment of expenses of the Commission pursuant to this section shall be remitted to the General Fund, however, the Commission may retain an amount reasonably necessary to cover future expenses of the Commission related to administering the provisions of this Article and Article 9 of this Chapter, the total of which, including the amount authorized to be retained under G.S. 18C-909, may not exceed the total expenses of the Commission related to administering the provisions of this Article and Article 9 of this Chapter during the previous quarter of the fiscal year.

(d) The Commission may suspend or revoke the license of an ADW licensee for failure to timely pay the annual fee required under this section. (2023-42, s. 3.)

§ 18C-1011. (Reserved)

§ 18C-1012. (Reserved)

§ 18C-1013. (Reserved)

§ 18C-1014. (Reserved)

§ 18C-1015. Wagering.

(a) An individual resident of this State desiring to place pari-mutuel wagers shall establish an account with an ADW licensee for that purpose. The ADW licensee is responsible for verifying the identity of the individual and ensuring that the individual is at least 21 years of age.

(b) The following are prohibited from engaging in pari-mutuel wagering under this Article:

- (1) Any person under the age of 21.
- (2) Any person who has been adjudicated by law as prohibited from engaging in pari-mutuel wagering.
- (3) Any member or employee of the Commission. The Commission shall provide a list of individuals subject to this subdivision to each ADW licensee at least quarterly.
- (4) Any person who has requested and not revoked a voluntary exclusion designation from sports wagering pursuant to G.S. 18C-922. Participation in the voluntary exclusion program shall not preclude an ADW licensee and its agents from seeking the payment of a debt accrued by the individual while not participating in the voluntary exclusion program.

(c) An ADW licensee shall make commercially reasonable efforts to ensure that any prohibited person under this section is prevented from placing a pari-mutuel wager with the ADW licensee.

(d) Any member of the Commission determined to have placed a pari-mutuel wager with an ADW licensee shall be deemed to have resigned from the Commission as of the time the

pari-mutuel wager is placed. Any employee of the Commission determined to have placed a pari-mutuel wager with an ADW licensee is subject to disciplinary action.

(e) This Article does not authorize non-pari-mutuel wagering on the outcome of live, simulcast, or any other horse races.

(f) The ADW licensee and their agents shall ensure that all advertisements and marketing of advance deposit account wagering meet all of the following requirements:

- (1) It does not target persons under the age of 21.
 - (2) It discloses the identity of the ADW licensee.
 - (3) It provides information about or links to resources related to gambling addiction and prevention.
 - (4) It is not misleading to a reasonable person.
 - (5) It satisfies the rules and requirements promulgated by the Commission.
- (2023-42, s. 3.)

§ 18C-1016. (Reserved)

§ 18C-1017. (Reserved)

§ 18C-1018. (Reserved)

§ 18C-1019. (Reserved)

§ 18C-1020. Criminal penalties.

(a) Any person who knowingly offers or engages in pari-mutuel wagering in violation of this Article shall be guilty of a Class 2 misdemeanor.

(b) Any person under the age of 21 who engages in pari-mutuel wagering as defined under this Article shall be guilty of a Class 2 misdemeanor.

(c) Any person who knowingly attempts to suborn, collude, or otherwise conspire to influence the outcome of any competition or aspect of any competition that is the subject of pari-mutuel wagering pursuant to this Article shall be guilty of a Class G felony.

(d) Any person applying to become an ADW licensee who willfully furnishes, supplies, or otherwise gives false information on the license application shall be guilty of a Class I felony.

(e) Nothing in this Article shall be construed to allow the ADW licensee to be charged with a violation of subsection (a) or (c) of this section absent actual notice and knowledge that a person is under age or giving false information. (2023-42, s. 3.)

§ 18C-1021. (Reserved)

§ 18C-1022. (Reserved)

§ 18C-1023. (Reserved)

§ 18C-1024. (Reserved)

§ 18C-1025. Rulemaking.

(a) The Commission shall adopt rules governing the conduct of horse racing in this State, which shall include rules regarding play of wagers on simulcast horse races. In adopting rules, the Commission shall consult the State Veterinarian regarding safety of horses.

(b) When adopting rules, the Commission shall provide guidance on the issuance, denial, suspension, or revocation of a license provided under this Article, on the operation of advance deposit account wagering by ADW licensees, and on the requirements for simulcast facilities. (2023-42, s. 3.)